



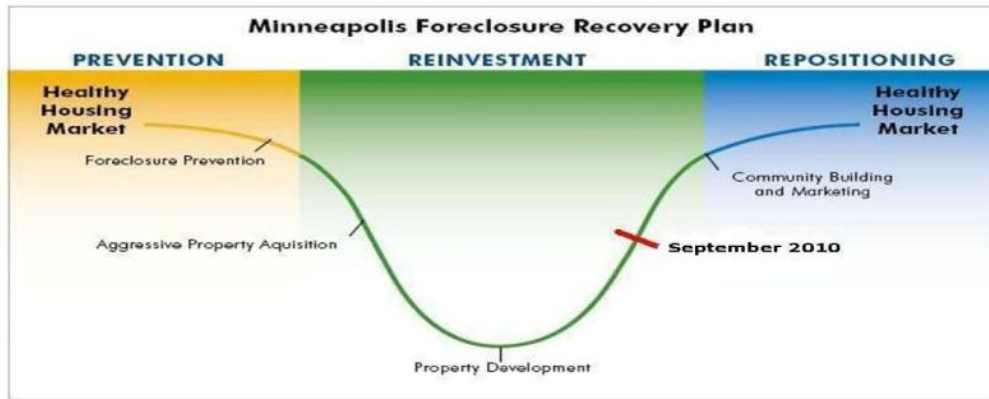
Healthy Housing

April 30, 2013

Healthy Housing

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Recovering Housing Market/Minneapolis Housing Growth Leader last 6 years

Beginning in 2012, with momentum continuing into 2013 the Minneapolis housing market emerged from the worst effects of the housing bubble burst that began in 2007 and peaked locally in 2008. Since 2008, foreclosures in the City have fallen from a high of over 3000 to less than 1400 in 2012, a reduction of over 60 percent.

Despite the hangover from the past recession, Minneapolis emerged over the last 6 years as the leading city in Minnesota in new housing units permitted. Growth in the central core, North Loop, University District and Uptown neighborhood's has been vigorous. The trend has been overwhelmingly tilted to new multifamily construction and conversion of vacant or commercial buildings to residential.

Notably, the For Sale housing market is showing signs of rejuvenation with inventory of homes for sale at a 10 year low and housing price increases year after year in excess of 15 percent. In addition, the once stagnant condo market is showing signs of life with new condo sales moving briskly in the downtown zone.

Looking forward, CPED Housing and Regulatory Services will continue to focus on our three point plan to restore neighborhoods still impacted by concentrated foreclosures. As the market continues to improve we will increasingly focus on the third prong of our plan to "reposition the market". Green Homes North is the forerunner of these efforts by marketing our large inventory of lots to developers for construction of new green homes on the Northside.

Three Point Plan for Neighborhood recovery:

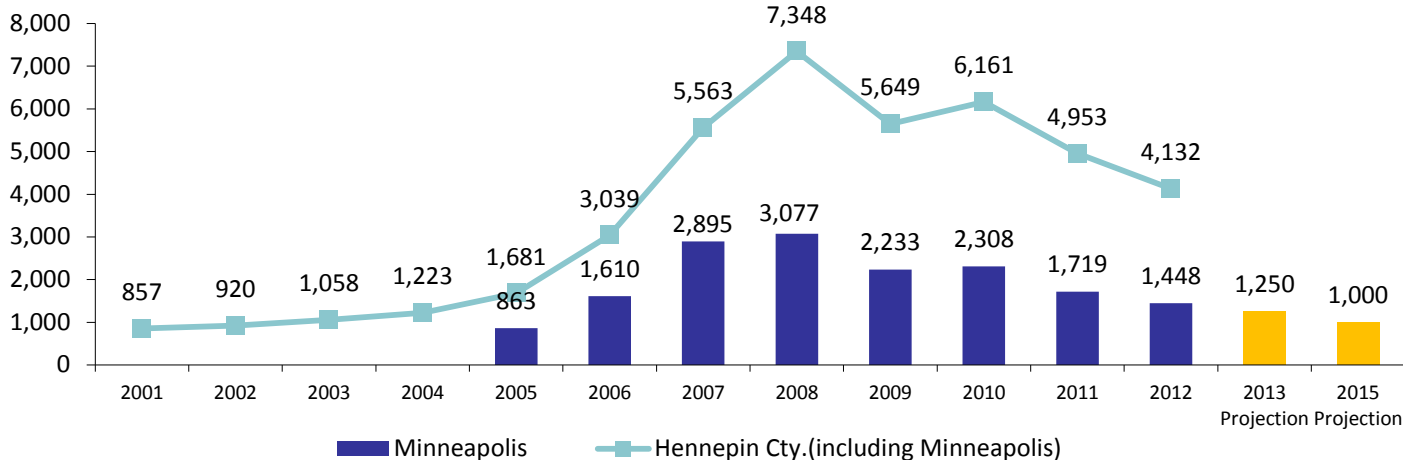
1. **Prevent foreclosures** – Between 2007 and 2012, the City helped over 1,621 homeowners avoid foreclosure. To minimize the blight and negative impact that accompanies foreclosed and vacant properties, the City has aggressively worked to keep properties maintained through our inspection efforts and in some cases have turned to acquiring properties.
2. **Reinvest**- While not as high as it once was, private investment by homeowners and investors to remodel and rehabilitate properties in Minneapolis is on the rise once again. For vacant and blighted properties that are beyond repair, the City uses demolition as a last resort to remediate a problem property and add stability to the neighborhood. The City has dedicated millions of dollars to rehabilitate over 900 properties since 2007.

3. Reposition the market- As noted above, as we emerge from the housing challenges of recent years, we are left with a housing market very different than what existed prior to the great recession. One example is more single family rentals; rental license permits have increased by approximately 3,000 new licenses. The City has been actively working through various policy and programmatic means to soften negative market forces to encourage home ownership and get the housing market back to a place of stability. Efforts like the Minneapolis Advantage loan program have helped rebuild the housing market in some of the City's hardest hit neighborhoods and rental license revocation actions have worked to hold rental property owners accountable for their responsibilities to maintain livable properties. Green Homes North is the latest program launched by CPED Housing to boost the market in core areas of the city.

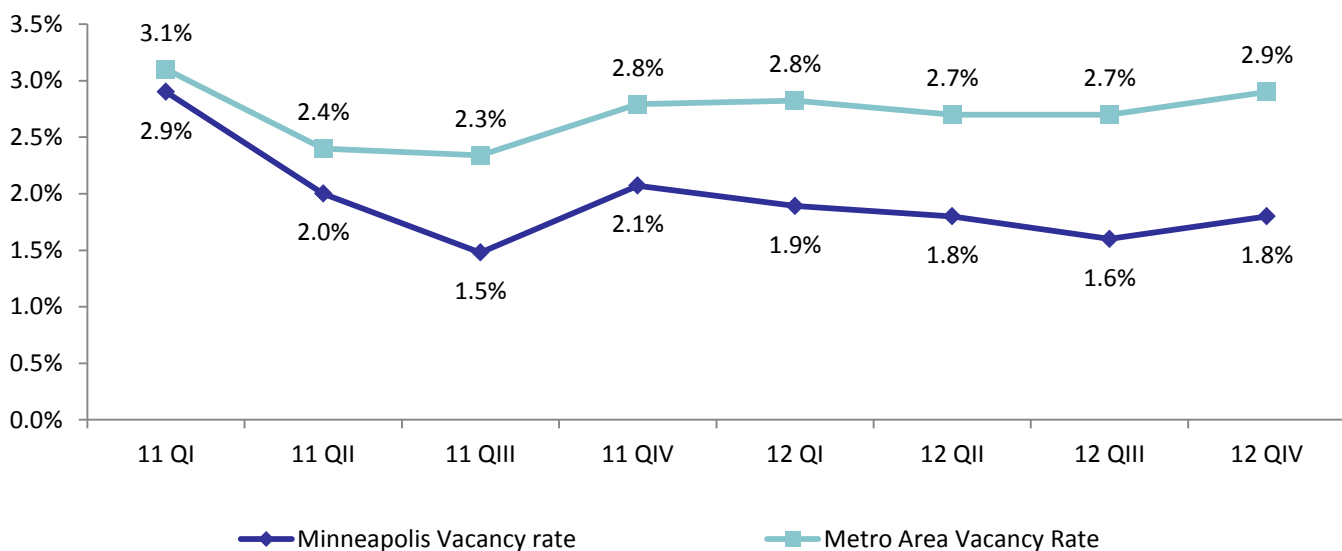
Regulatory Services will continue to focus on code enforcement and reducing the inventory of vacant and boarded houses on our 249 list. As the market improves the increased use of "restoration agreements" is one of the tools that should yield a reduction in 249 inventory.

The next five pages of this report highlight some of the key housing outcomes we are watching. Following these pages, the report is organized by the three strategies (noted above) and related programmatic efforts.

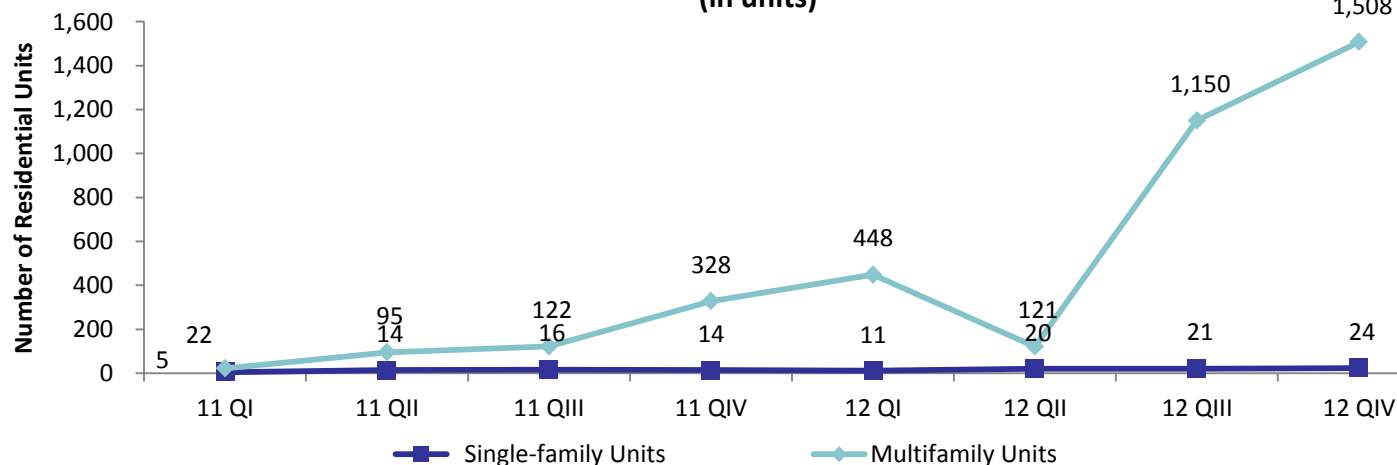
Properties Foreclosed in Minneapolis and Hennepin County



Minneapolis and Metro Area Apartment Vacancy Rates



Minneapolis Permitted New Residential Construction (in units)



City of Minneapolis

2012 Foreclosures by Ward

Total = 1,448

Legend

● Foreclosed Property

□ Ward

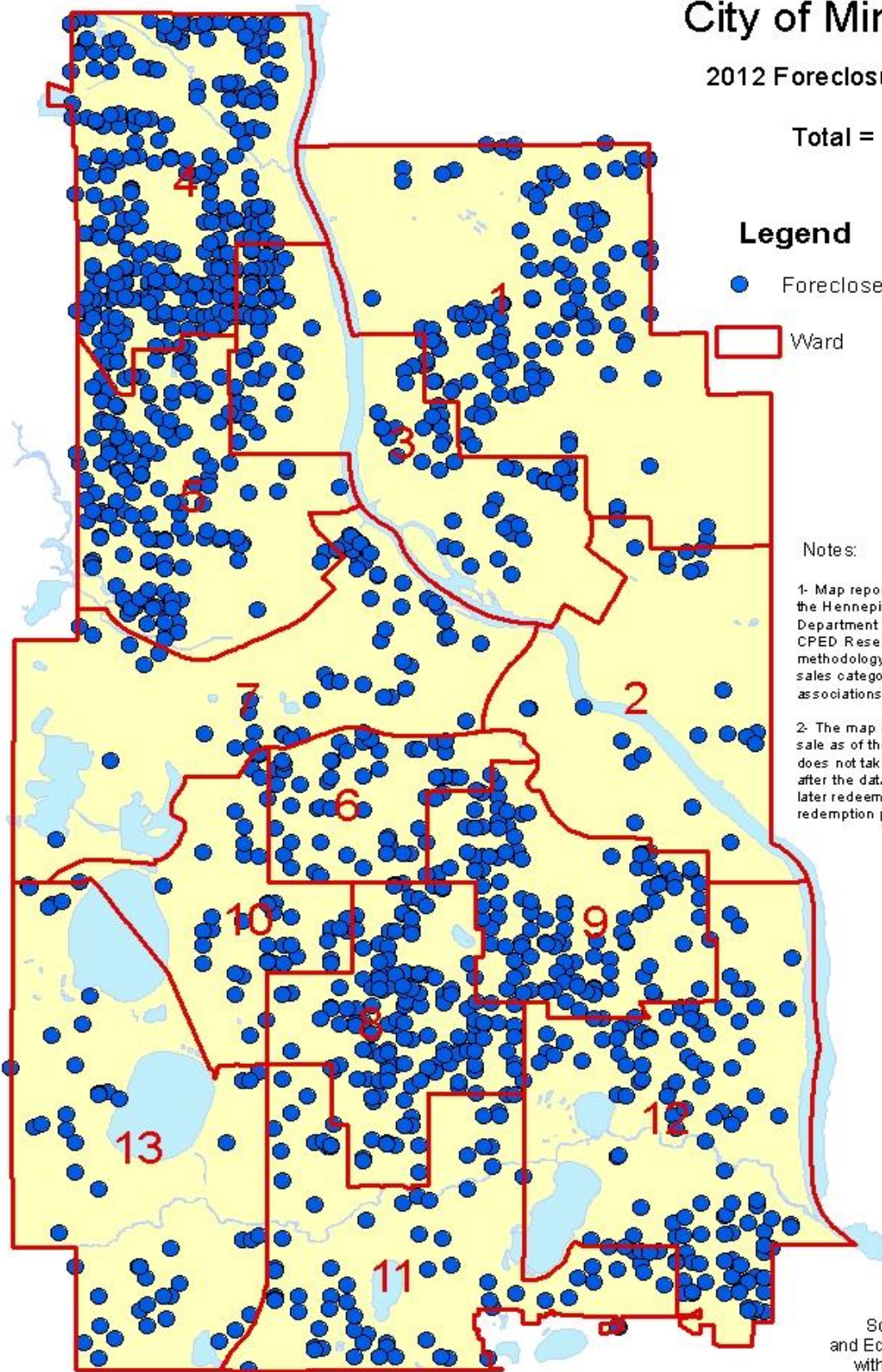
Notes:

- 1- Map reports foreclosure sales reported by the Hennepin County Sheriff to Taxpayer Services Department and later sent to City of Minneapolis CPED Research Division. Hennepin County's methodology is to count all foreclosure sheriff's sales categories (mortgage, assessments, associations, executions, and judgments).
- 2- The map displays foreclosures at the Sheriff's sale as of the most recent reporting period and does not take into account foreclosures recorded after the data was compiled, nor any properties later redeemed by the owner in the 6 month redemption period.

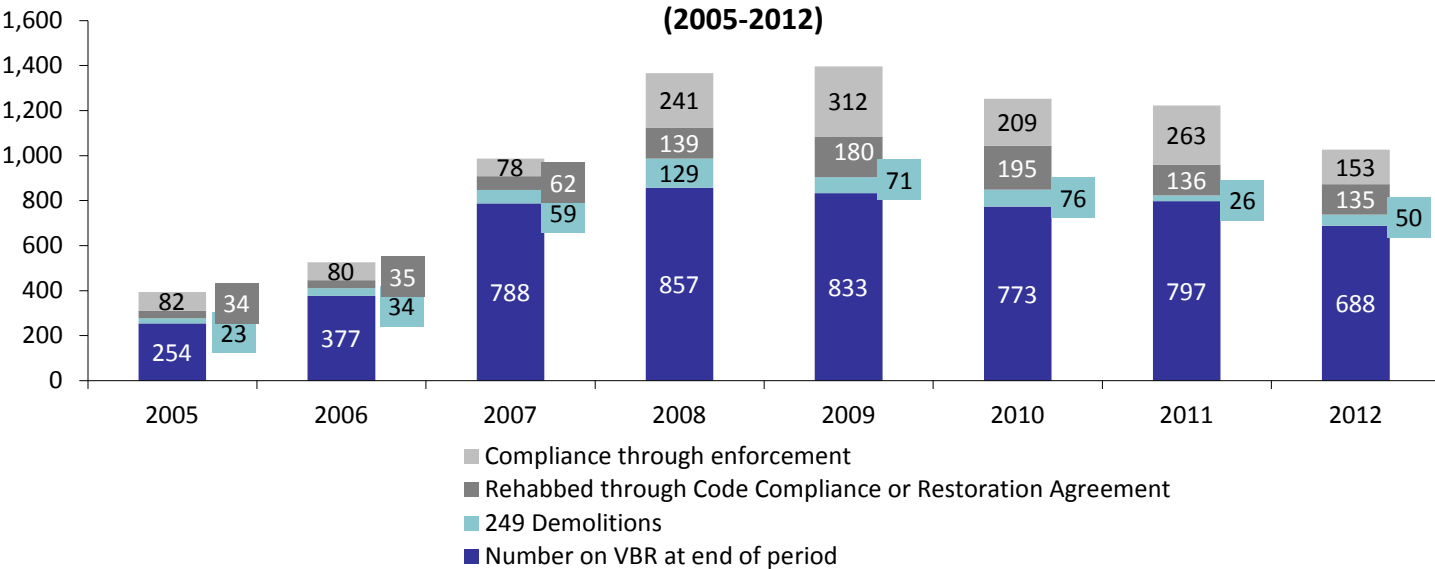


City of Minneapolis
Department of Community Planning
& Economic Development - CPED

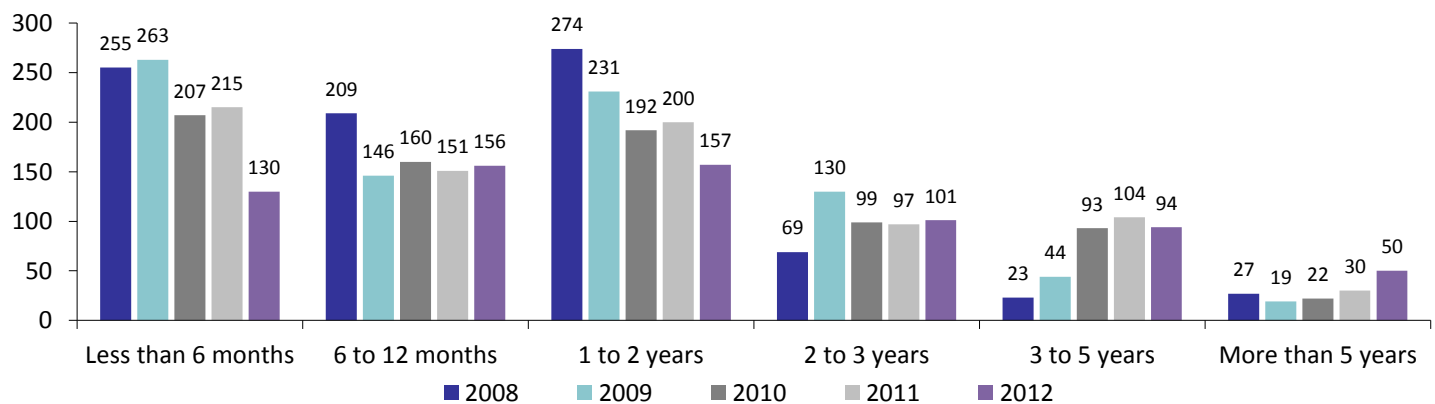
Source: Community Planning
and Economic Development Research
with data from Hennepin County.
February 5th, 2013



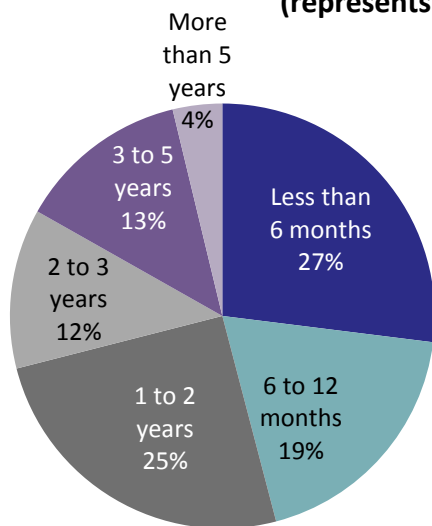
Vacant Building Registration Activity (2005-2012)



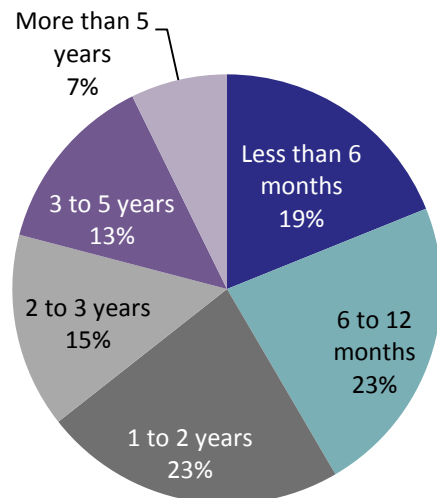
Length of Time on the Vacant Building Registration List



Length of Time on Vacant Building Registration List (represents properties on list at the end of the year)

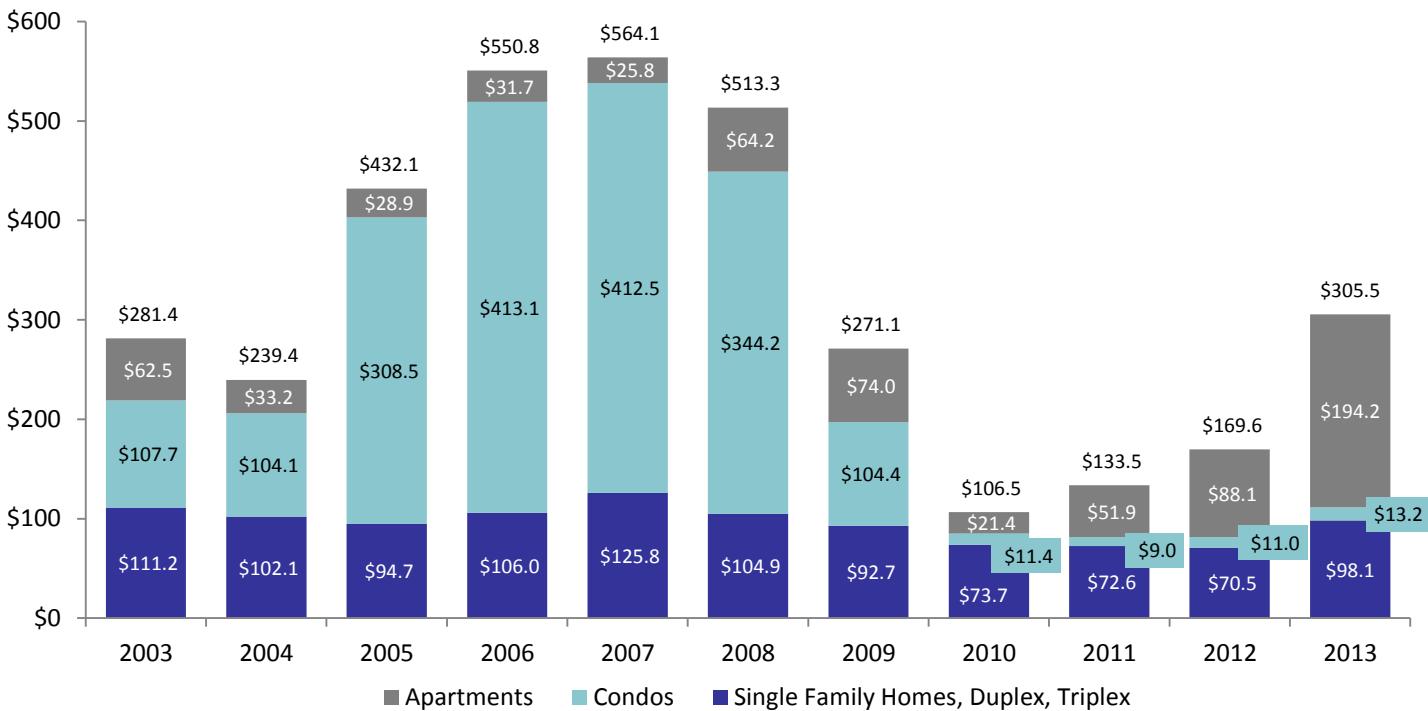


2011
(797 Properties)

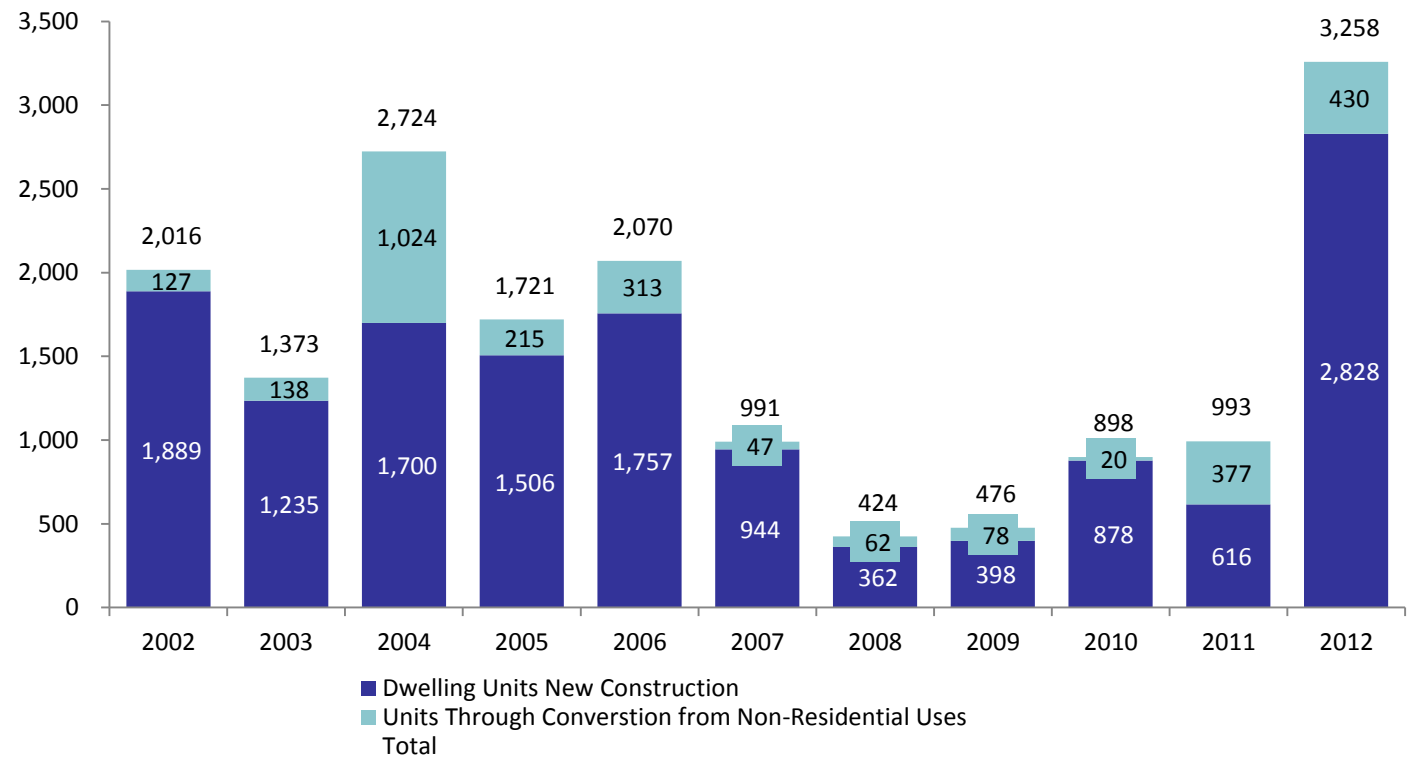


2012
(688 Properties)

New Dollars Added to Tax Base, Based on Building Permit Data (in millions of \$, by assessment year)



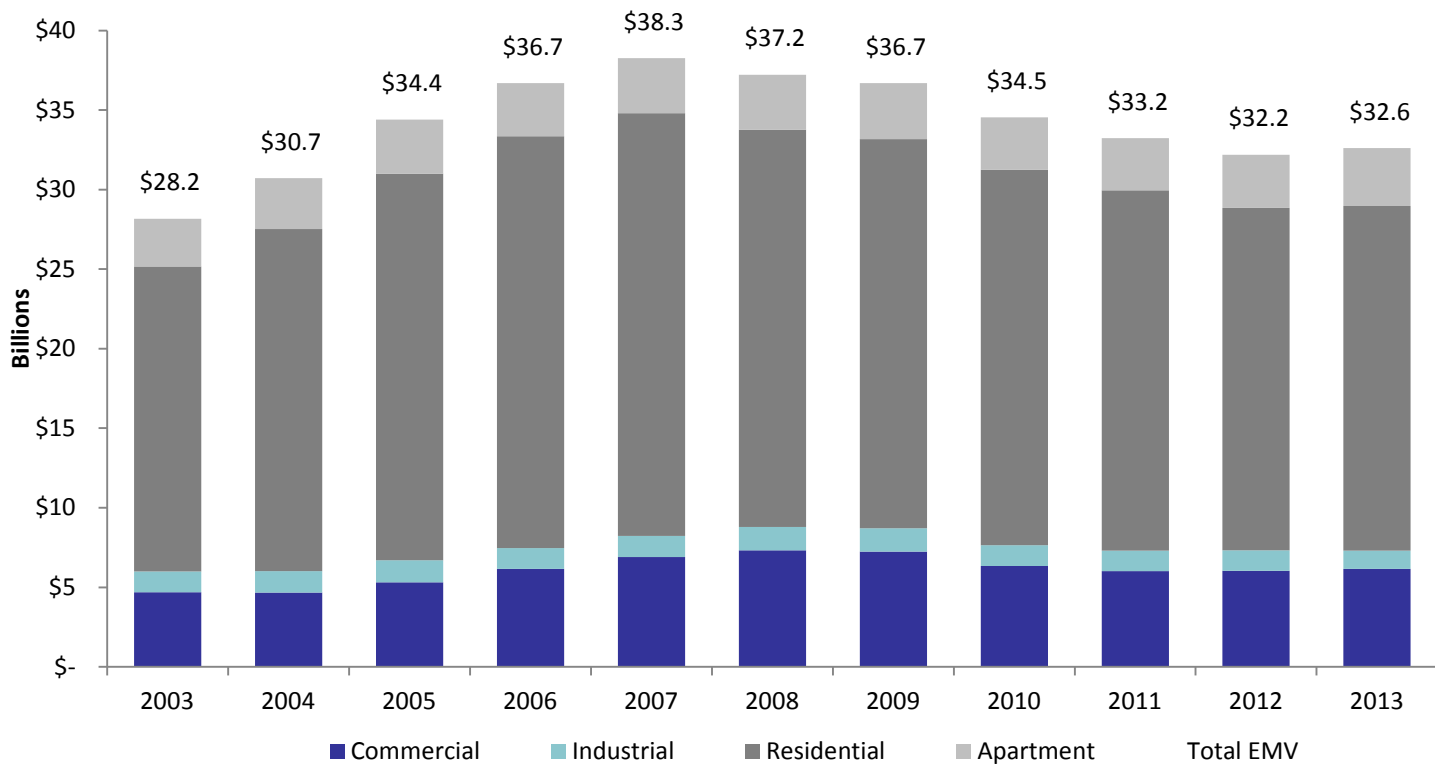
Dwelling Units Added Based on Building Permit Issuance



*Includes single family and multi-family

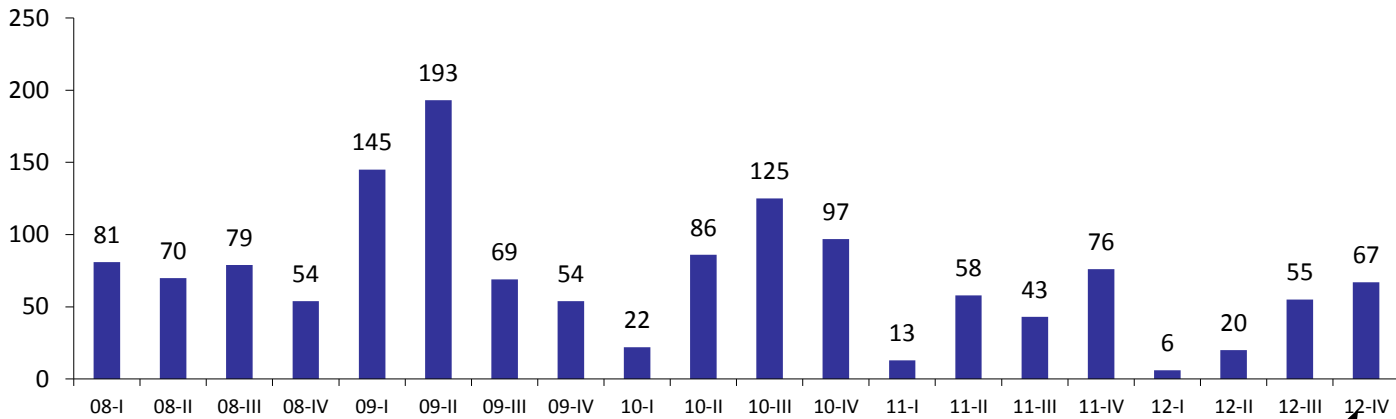
** Residential conversions from non-residential space.

Minneapolis Total Estimated Market Value (EMV) by Property Type

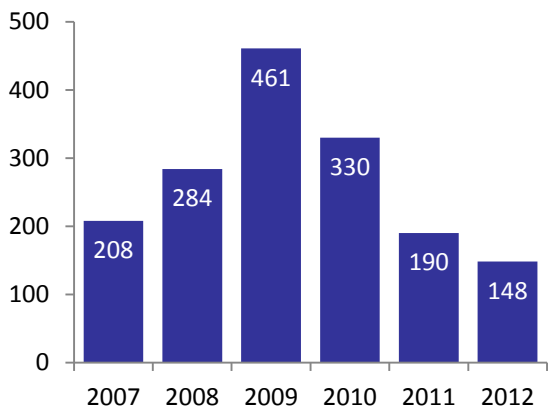


Foreclosure Prevention

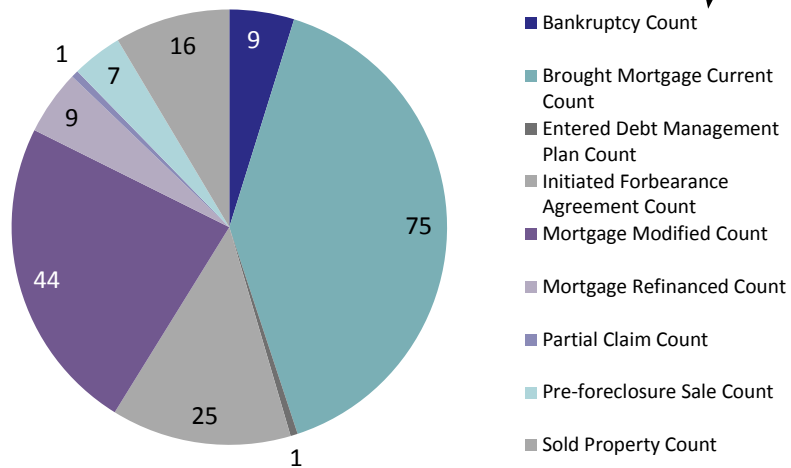
**Foreclosures Prevented
(by quarter)**



**Foreclosures Prevented
(by year)**



2012 Reason for Foreclosure Prevention



New

Why is this measure important?

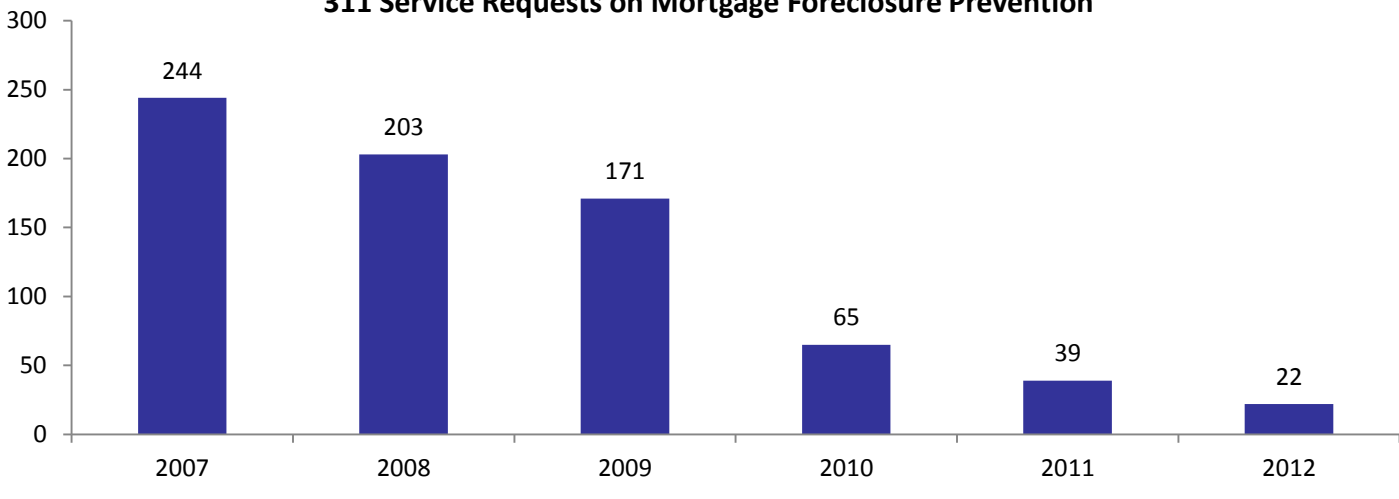
Foreclosure prevention services helped prevent 148 foreclosures in Minneapolis in 2012. In addition, there are over 500 cases still in process. The City is continuing aggressive prevention strategies as long as foreclosure rates remain high. The costs associated with a foreclosed property average \$78,000. In comparison, foreclosure counseling and prevention cost, on average, \$400 per family assisted. Prevention is not only preferable for neighborhood stability but is estimated to have saved the City over \$15 million in 2012.

The City partners with the Minnesota Home Ownership Center (MN HOC) in addressing the goal of preventing foreclosures. The City allocates funding to the MN HOC to support local organizations' work (Twin Cities Habitat for Humanities and others) in providing counseling to homeowners experiencing foreclosures. This year, counseling for current homeowners and new buyers has been expanded to include hours at City Hall twice a month.

What will it take to make progress?

While there is more to be done, our lending partners have improved their ability to work with our counselors to assist more families with loan modifications and refinancing. By targeting services to homeowners who have missed mortgage payments two months in a row, we have put in place more effective communication to families about opportunities available and enabled them to access services sooner. Additionally, ensuring that home buyers attend the homebuyer education workshops before they purchase homes leads to long-term housing stability.

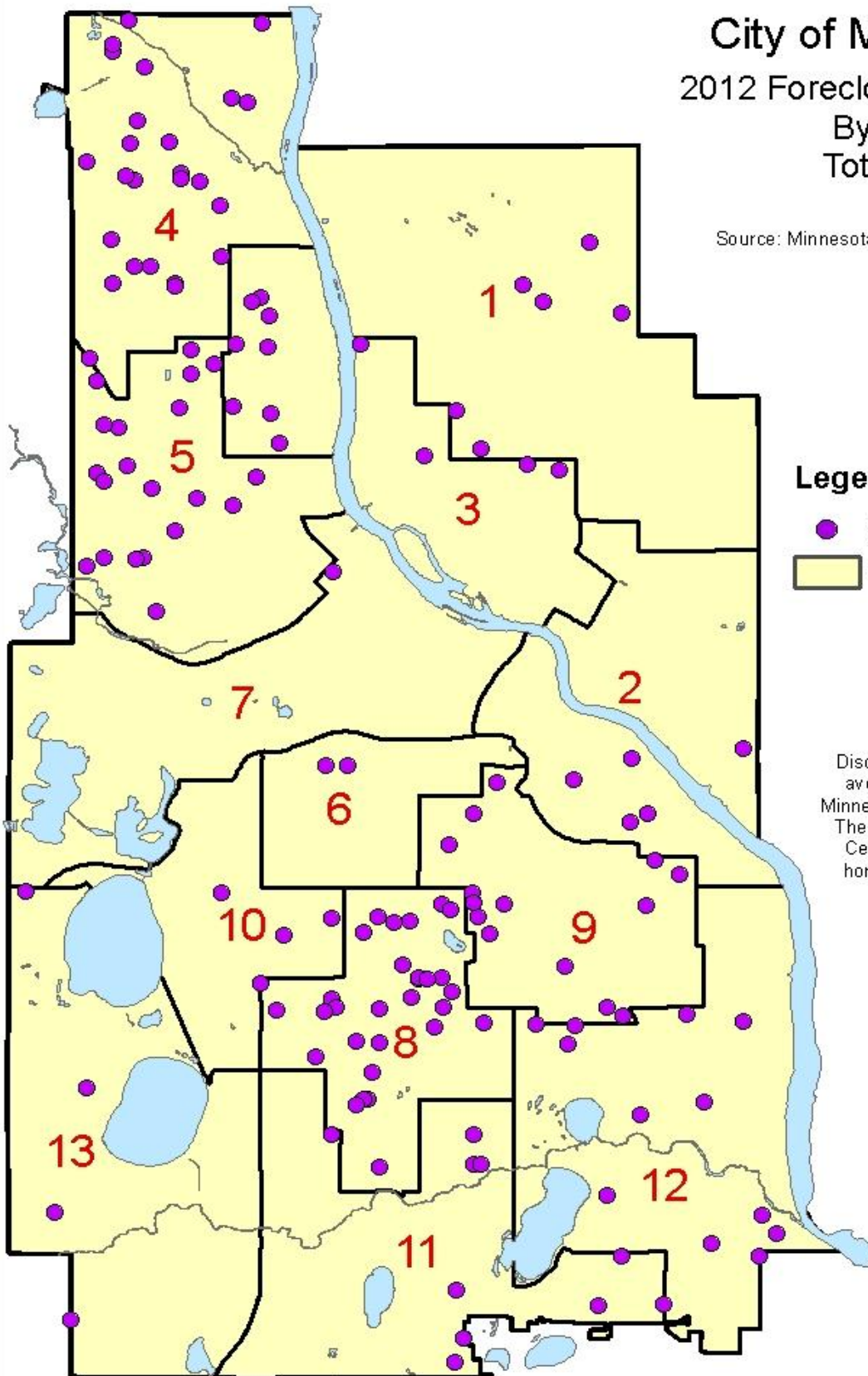
Additional Data on Next Page...

311 Service Requests on Mortgage Foreclosure Prevention[Map on next page...](#)

City of Minneapolis

2012 Foreclosure Prevented By Ward Total: 148

Source: Minnesota Home Ownership Center



Legend

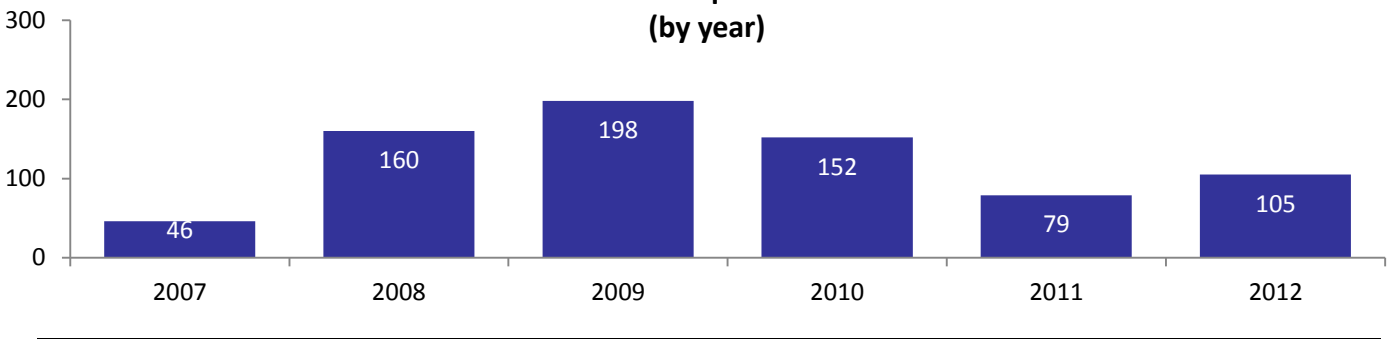
- Foreclosure Prevented
- Ward

Disclaimer: Data on foreclosures averted was collected from the Minnesota Home Ownership Center. The Minnesota Home Ownership Center serves owner-occupied homeowners; investors are not eligible for services.
<http://www.hocmn.org>



CPED Research,
February 8, 2013

Home Acquisitions (by year)



Why is this measure important?

Blighted properties that are not acquired and treated, are subject to being vandalized and subsequently becoming boarded and vacant. As a result, other property owners nearby may become frustrated, and decide to abandon their own properties, which then become vandalized and subsequently boarded and vacant, creating a downward cycle.

One of the City's approaches to prevent properties from becoming boarded and vacant is to acquire them before they get into the hands of irresponsible property owners. The acquisition is almost always done by the City or through the use of City financing. The City of Minneapolis then makes the property available for redevelopment or rehab by a responsible developer partner who is responsible for developing the property and selling it to an owner-occupied household.

Additionally, boarded or vacant properties make it more difficult for other property owners in the area to sell their houses. No one wants to buy a property that is next to a boarded property. With so many unsold units on the market, competition is tough. Removing blighted properties can reduce the time it takes for other owners to sell and improve the neighborhood market.

What will it take to make progress?

We are in competition with many investors to acquire these properties. Some have the funds and the ability to act more quickly than the City and, in some instances, are willing to pay more than the property is actually worth. Due to the challenged economic conditions, the number of properties becoming vacant and tax delinquent is increasing. We need to be able to identify more resources to acquire these properties and put them in the hands of responsible parties. With limited resources, there is not much that can be done. Therefore, the City staff has commenced discussions with Hennepin County staff to negotiate increasing the number of properties the City can acquire for \$1.00. Currently, that number is 20 percent of all tax-forfeited properties in targeted neighborhoods. The negotiations are intended to increase the amount to 40 percent. Additionally, City staff is negotiating with some banks about donating some of the low-valued properties that have outlived their economic life.

In addition, stabilization of neighborhoods will foster enhanced confidence in the market, which will enable more responsible private investment. City needs to continue the support of acquisition and rehab. With the housing market showing some improvements, properties that were once infeasible for rehab are now more viable rehab candidates. Staff is developing a strategy to recycle these properties in collaboration with private and non-profit partners. Furthermore, with an improved housing market, there is more interest in parcels being land banked by the City, albeit in the stronger housing segments of the City. In the weaker areas, there continues to be a need to incent development. A good example is the Green Homes North program, where the City plans to support the development of 100 green homes in North Minneapolis over a five year period. This effort will assist in building confidence in the market and subsequently reducing the need to incent said market.

Map on next page...

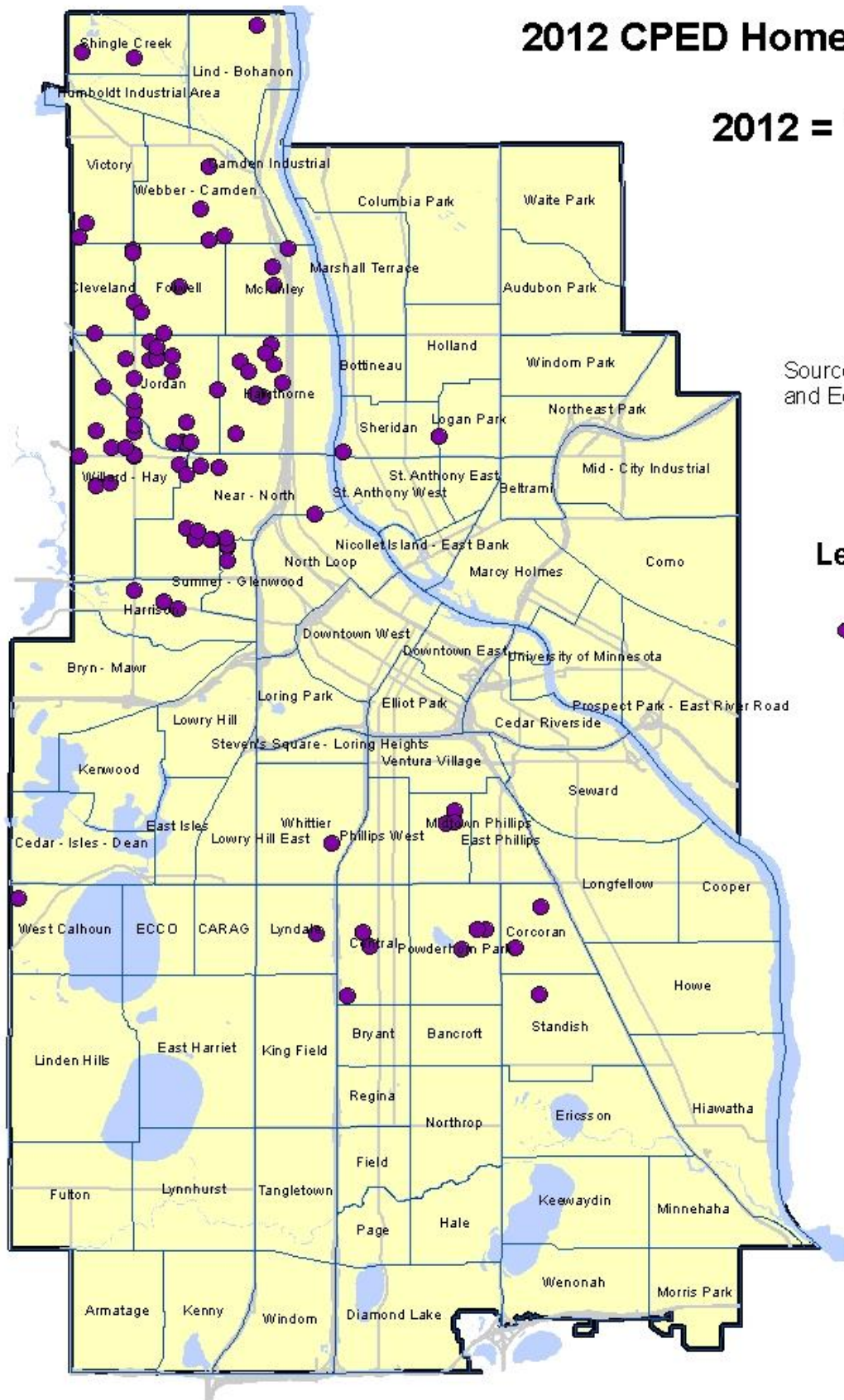
2012 CPED Home Acquisitions

2012 = 105

Source: Community Planning and Economic Development

Legend

● Home Acquisition

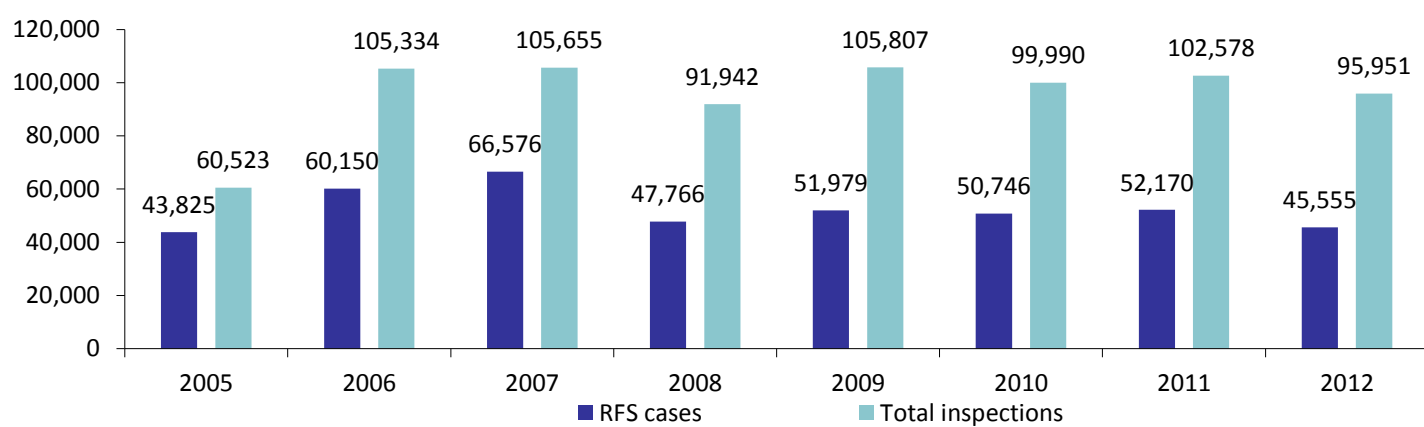


Minneapolis
City of Lakes

Community Planning &
Economic Development

Created by CPED Research,
April 2013

Number of Housing Inspections and Cases



Note: One case may result in multiple inspections

Why is this measure important?

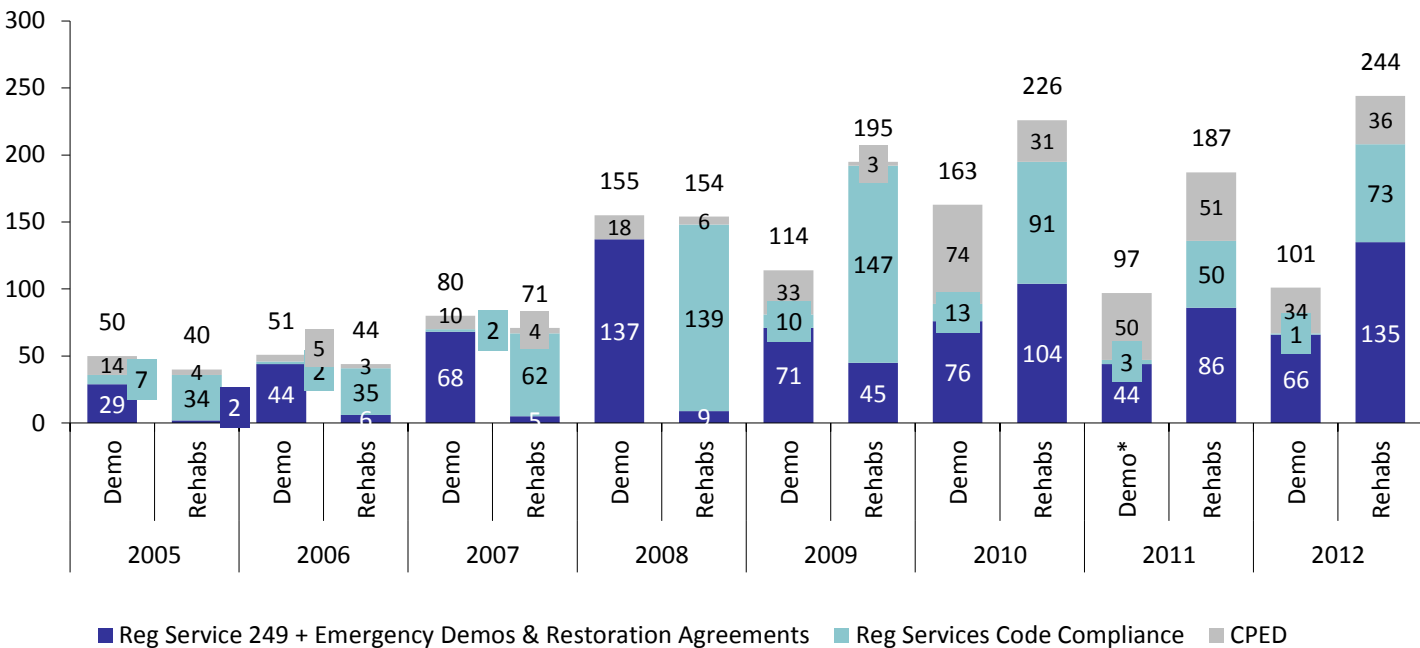
Every citizen within the City is entitled to live next to or in a dwelling that is decent, safe, sanitary and meets the minimum housing standards set forth by our City. The core mission of Housing Inspection Services is to promote quality housing and livable neighborhoods for all residents. We are maintaining and improving the housing stock by responding to customer 311 complaints on properties, pro-active nuisance condition inspection activities and our systematic rental license program.

What will it take to make progress?

In an effort to focus rental inspection resources where they are most needed, the City has developed a tiered approach to rental license inspections. Rental properties which are poorly maintained and managed, based on set criteria, will be inspected annually rather than on the current five year inspection rotation cycle. The City recently implemented programs in which properties are inspected upon conversion from owner occupied to rental and when a rental property changes ownership. The City has developed automated systems to review rental property records to ensure compliance with all licensing standards. Those properties which fail to meet standards are given an opportunity to come into compliance. Failure to bring the property into compliance will lead to rental license revocation.

Reinvestment

Housing Demolitions and Rehabilitations



* This number does not include the 30 emergency garage and house demolitions related to the

Why is this measure important?

Increasing the number of demolitions and rehabilitations is the most effective strategy to reduce the number of vacant and boarded buildings across the City, and thereby increasing the safety and livability of our neighborhoods and the value of our housing stock. Regulatory Services has three main regulatory business processes that directly impact whether a property is rehabbed or demolished. They include:

Code Compliance – This is the process which requires all condemned properties to be brought up to all current codes before a certificate of occupancy will be issued.

Emergency Demolition – This uses the City’s regulatory authority to order emergency demolitions of properties that pose an immediate hazard to public safety.

Nuisance Declaration and Abatement (249 Ordinance) – This process is used to determine when a property should be declared a nuisance and abated through demolition or rehab.

Since the Vacant Building Registration peak in 2009, the City has experienced a steady decline in the number and relative condition of the properties on the list. There are fewer and fewer properties that meet the test for demolition and more properties that are entering into a Restoration Agreement or some other form of rehabilitation process. In addition, the City’s aggressive and tactical approach by Regulatory Services, CPED and partners to arrest the anticipated increases and create new approaches to reducing the numbers has kept Minneapolis from experiencing the dramatic numbers that other cities have seen. Restoration Agreements, CPED’s leadership in targeted investment and strategic intervention in foreclosure prevention and programs such as First Look have proven successful.

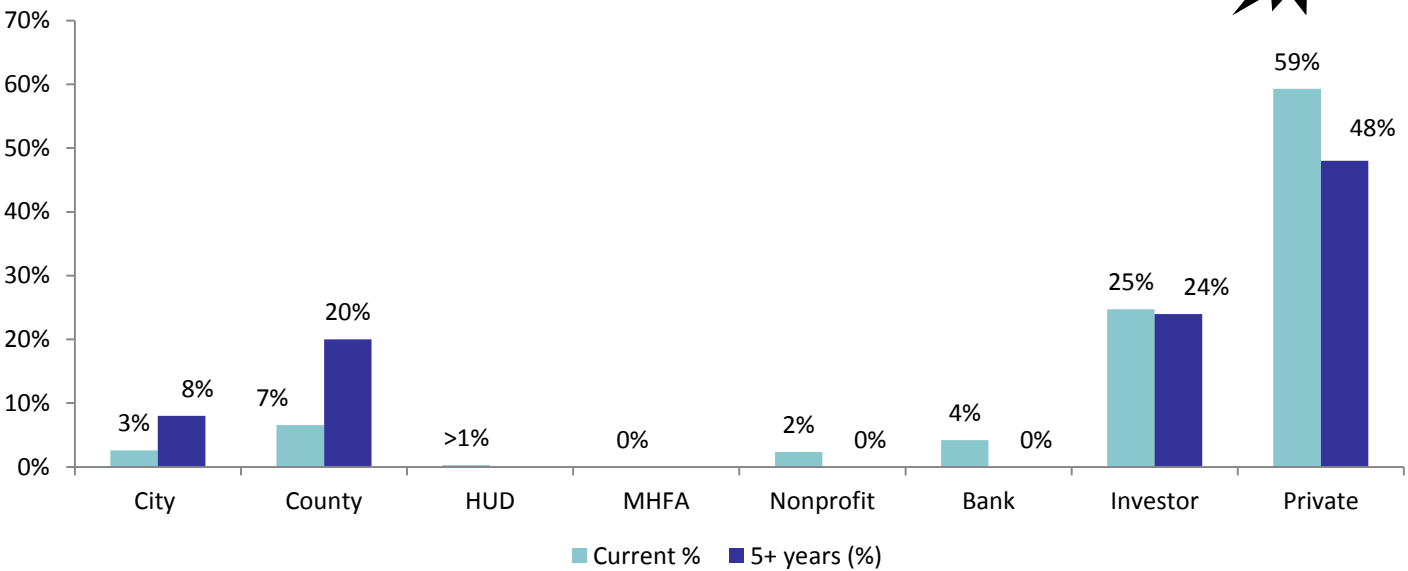
Narrative continued on next page...

One possible area where more attention is needed is the length of time a property remains on the VBR list. There has been a slight increase in properties that remain on the list for over 3 years. While the nearly 50 percent of properties are on and off the list within 12 months and another 23 percent are returned to productivity or demolished. Further analysis will be done this summer to evaluate characteristics of properties, factors that prevent the market from correcting the vacancy or CPED and its partners from intervening. Factors such as desirability of properties for owner-occupancy due to size, deferred maintenance, bedroom count and other amenities will be considered.

What will it take to make progress?

As the city and the market slowly recover from the housing crisis, a focus on quality rehab will be imperative. With Federal Resources dwindling continued use of the Restoration Agreement as a tool and implementation of new strategies aimed at moving properties off this list in a more timely manner will be even more important in coming years. In addition, the City will need to continue its persistent use of code enforcement as a way to ensure that newly rehabbed properties contribute to the over-all health of the market.

Ownership of Open VBR Properties 2012



Why is this important?

Understanding who owns these vacant properties helps the City and its partners determine which strategies make the most sense for moving properties into the active healthy housing market and where to direct resources. Ownership was determined using records from the Hennepin County Taxpayer data system and divided into private owner (individual name), investor property (LLC or similar entity), nonprofit partner working with the City, or a public agency such as Hennepin County, HUD, CPED or the Minnesota Housing Finance Agency.

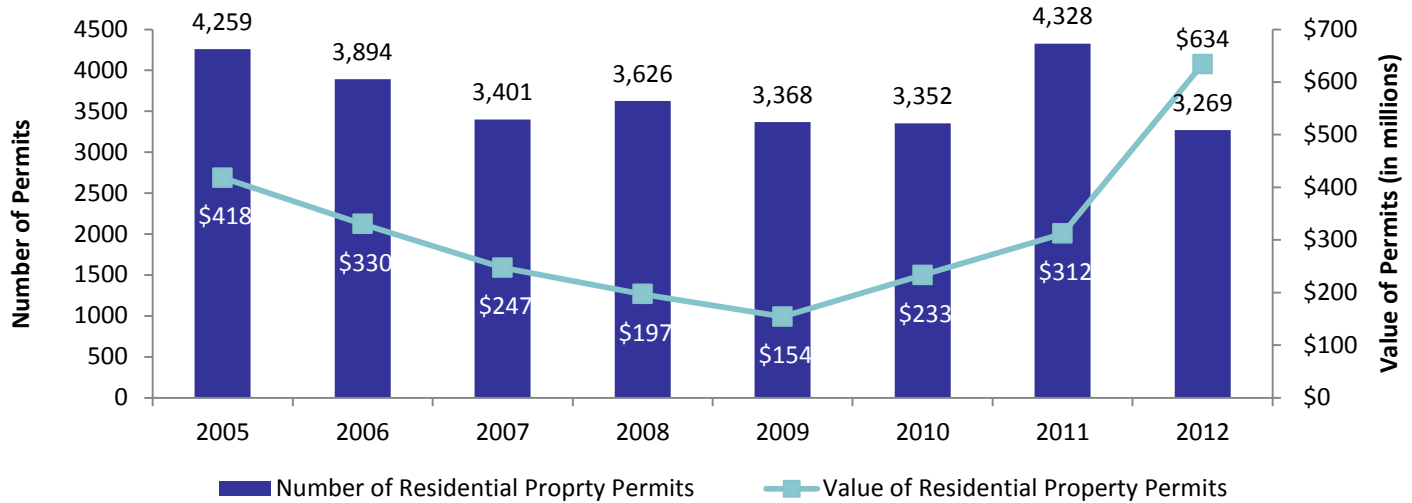
As demonstrated by this graph, about 50 percent of the properties registered as vacant (citywide) are owned by a private individual. Another twenty-two percent are owned by an investor, usually identified by a LLC and five percent are owned by a nonprofit developer, the City of Minneapolis, a state or federal agency or are in tax forfeiture. For certain sections of the City, the percentage of properties owned by the City or a non-profit increases to nearly twenty five percent. This result or measure represents the active acquisition policy by the City and non-profits in certain neighborhoods to help reduce the number of unattended vacant properties in an effort to stabilize the market.

When analyzing the data in terms of length of time on the VBR list (55 properties have been vacant for more than 5 years) the percentage of properties that are owned by the County due to tax forfeiture jumps to nearly 30 percent.

What will it take to make progress?

The next steps in navigating the ongoing impact of the foreclosure crisis will require continued collaboration and partnership with Hennepin County, CPED and community organizations. It will involve taking a deeper look at the stories behind the vacant properties and developing additional strategies to prevent housing from lingering in a vacant status. As more properties are sold at Tax Forfeiture auctions, the City will need to find ways to work with Hennepin County and require that these properties are sold to owners who intend to improve them and then track progress after sales to ensure that the property is being brought up to code and follows other applicable regulatory requirements such as obtaining a rental license.

Number and Value of Residential Property Permits Over \$5,000



Why is this measurement important?

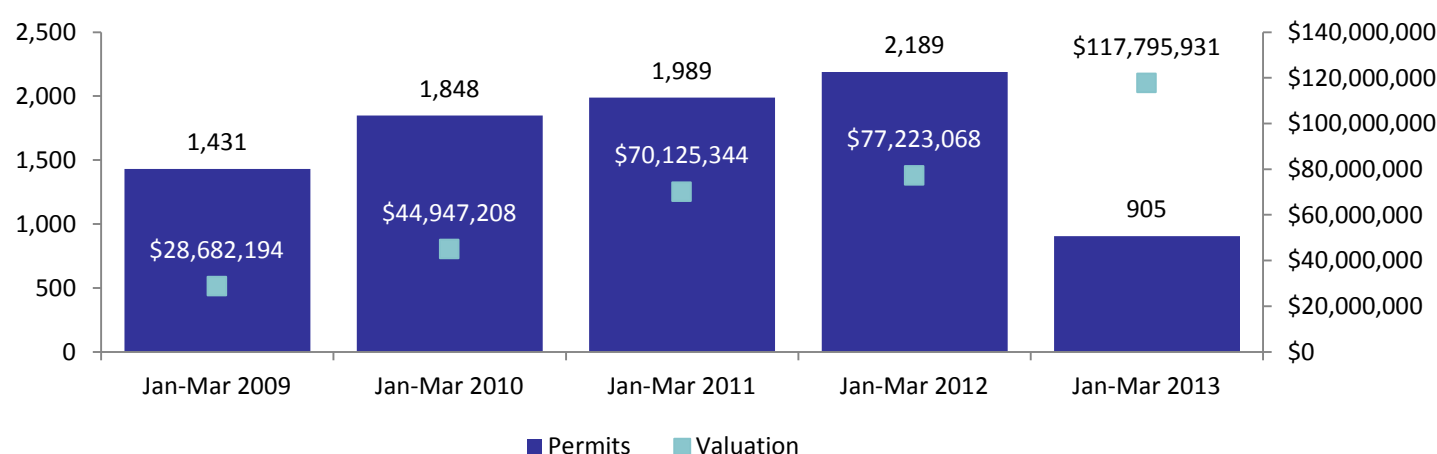
The measurement of residential permit activity and value of the work is an indicator of investment in the community by property owners. The information displayed is for the residential portion of building permit activity and valuation only.

What is needed to maintain the measurement?

The information reported is for residential building permits for single-family dwellings to high-rise multi-family dwellings and includes new construction, additions, remodeling and repairs. The current land management system is somewhat limiting in allowing further separation of this type of data but it is hoped a new land management system will provide more options related to the dissemination of permit information. Until implementation of a new system, information similar to that reported here will continue to be available.

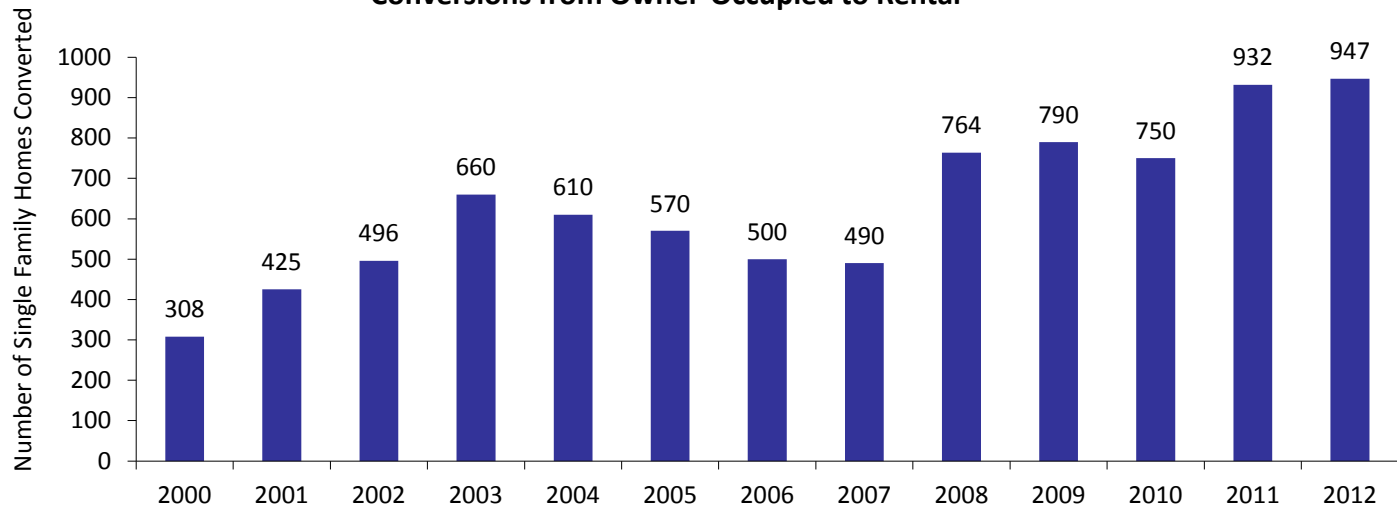
The main reason for the drop in permits is the fact that winter ended much earlier last year than this year so we had a large number of BOTC permits in the first quarter last year. The main thing to pay attention to is the increased valuation. We have fewer permits but much larger projects.

Residential Building Permit Valuation and Permits Issued



Market Repositioning

Conversions from Owner-Occupied to Rental



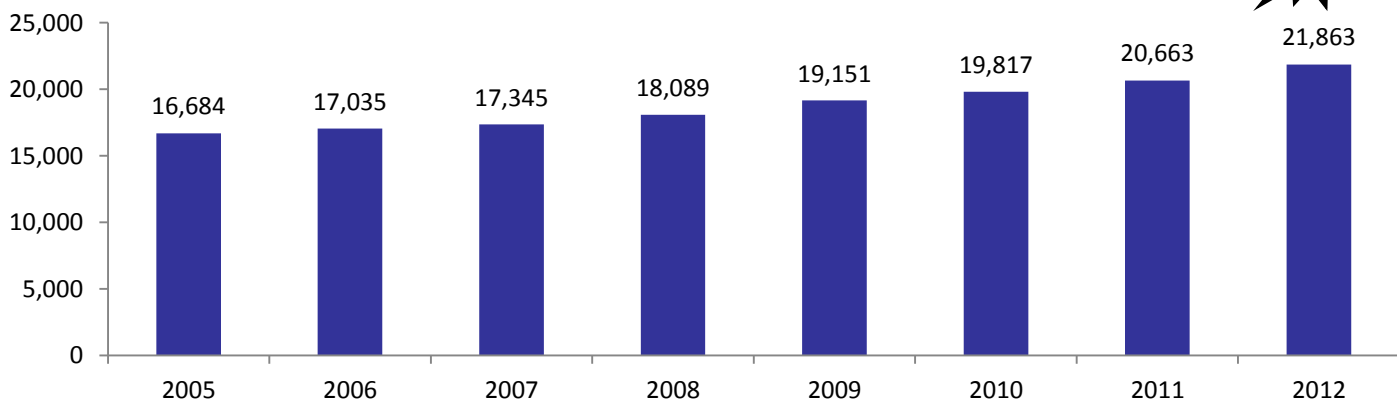
Why is this measure important?

There has been a dramatic rise in conversions of single family homes from owner occupied to rental in the City. These trends raise questions as to their impact. The benefits of home ownership result from the belief that homeowners have a greater financial stake in their homes compared to renters. Studies have linked homeownership with reduced crime, higher incomes, less reliance upon welfare, more politically active residents among other benefits.

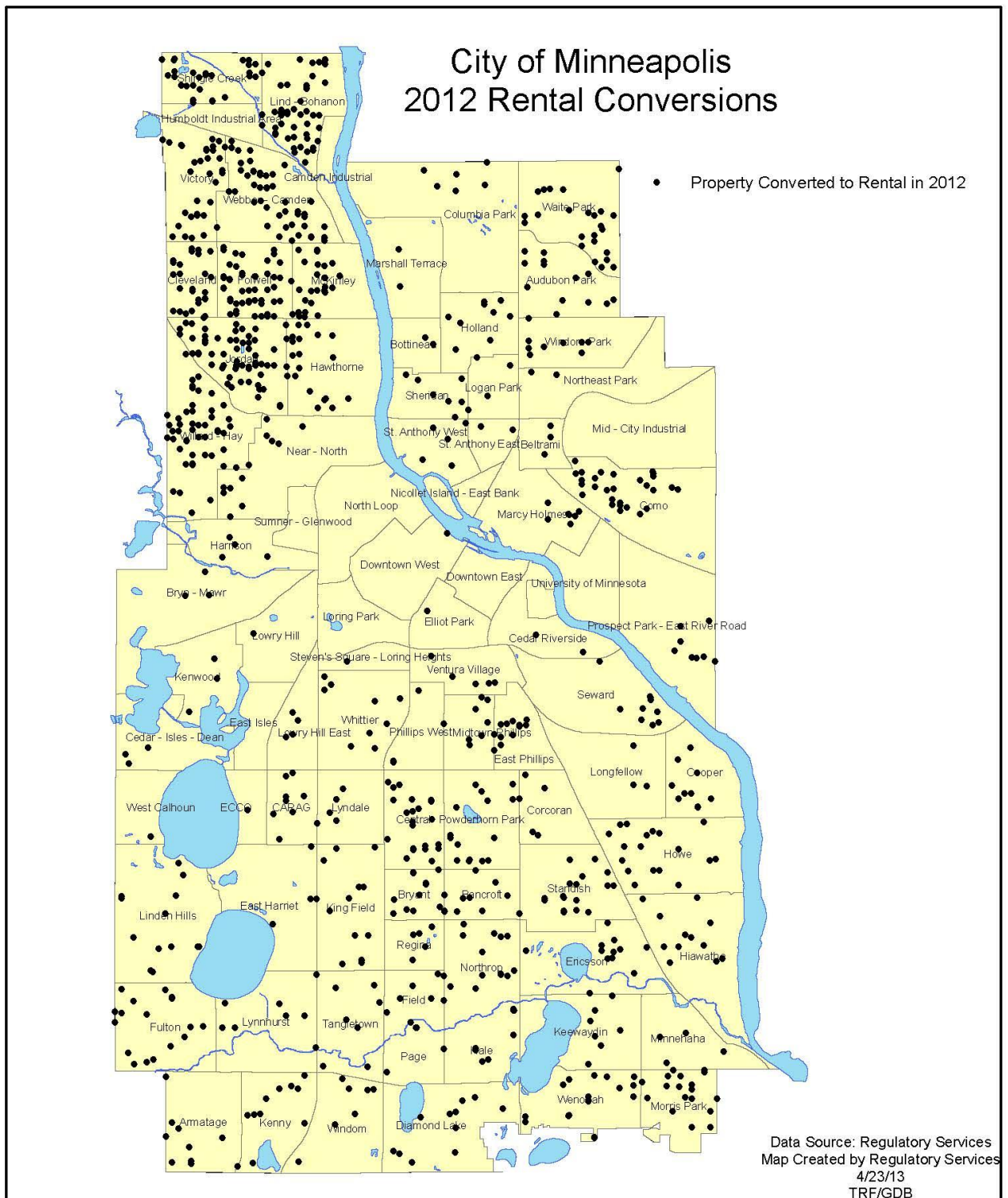
What will it take to make progress?

To help stem the movement to more rental properties, a coordinated effort by the City, State and Federal agencies is necessary. Working together, these agencies can provide homeowners and prospective homeowners with targeted funding, education and financial incentives that assist and promote homeownership in all neighborhoods. Out of concern for the proliferation of rental properties that had formerly been owner occupied, the City Council passed a law in 2008 to require an inspection of these properties shortly after their application for a rental license. Rental properties, even well managed ones, are much more demanding of City resources. The inspection is intended to ensure properties meet the minimum Housing Maintenance Code requirements.

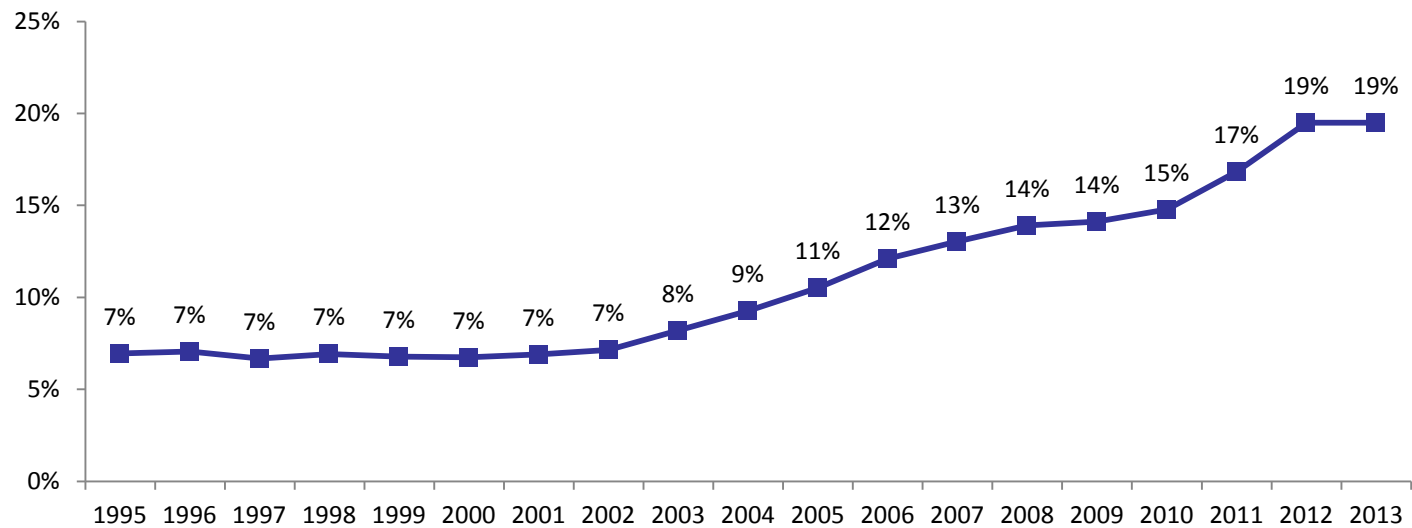
Rental Licenses Issued



Map on next page...



Percent of Single Family Homes Not Homesteaded



Why is this measure important?

Historically (pre 2003), the homestead rate on residential property hovered around 93 percent with non-homestead property accounting for the remaining 7 percent. However, over the past nine years the rate of non-homestead property in Minneapolis has more than doubled to about 20 percent. The rapid increase can be tied to three significant events:

- A 2002 legislative decision to lower the classification rate (tax rate) on non-homestead property.
- Historically low interest rates for investors to borrow money.
- Record high foreclosures and short sales pushing down housing values.

The recent trend of single family homes as rental property can have both positive and negative impact on neighborhood stability.

Positive	Negative
Provides a housing option for family's displaced after a foreclosure	Neighborhoods can hit a "tipping point" when rental density in a neighborhood is > 30%
Allows flexibility in housing options for people that choose not to own real estate	High tenant turnover (average 6-12 months) limits opportunities for community engagement
Prevents foreclosures for owners upside-down on their mortgage	Decline in property upkeep, Increased demand on city services

How do we assure an equitable balance of homestead vs. non-homestead property

The first challenge is to fully understand when a non-homestead rate has a negative effect on a neighborhood i.e. "the tipping point". This will require additional research to fully understand the impact of non-homestead rates in a neighborhood. If it is determined that a particular rate of non-homestead causes problems (e.g. loss of value among homestead properties, increased crime/vandalism, the flight of homestead residents moving out of the neighborhood), then potential solutions could include:

- Developing policies that limit the amount of rental property in any given neighborhood.
- Increasing the tax rate on non-homestead properties as a potential deterrent to having non-homestead properties.

Additional data on next page...

Top 15 Neighborhoods with the Greatest Declines in Single Family Homestead Residences

Rank Based on % Change	Neighborhood	1995	2000	2012	Percentage Point Change from 1995- 2012
1	FOLWELL	90%	87%	56%	-34%
2	MCKINLEY	87%	86%	54%	-33%
3	COMO	84%	81%	51%	-33%
4	JORDAN	82%	78%	51%	-31%
5	WEBBER-CAMDEN	91%	89%	64%	-27%
6	HAWTHORNE	74%	74%	49%	-25%
7	LIND-BOHANON	93%	91%	69%	-24%
8	MARCY-HOLMES	70%	71%	48%	-22%
9	SHINGLE CREEK	96%	96%	75%	-21%
10	CLEVELAND	93%	92%	73%	-20%
11	WILLARD-HAY	84%	84%	64%	-20%
12	BELTRAMI	91%	89%	73%	-18%
13	NORTHEAST PARK	92%	91%	74%	-18%
14	MARSHALL TERRACE	95%	93%	80%	-15%
15	HOLLAND	91%	90%	76%	-15%

Why is this measure important?

As noted on the previous page, non-homestead property can have a positive or negative impact on the health and stability of a neighborhood. Identifying those neighborhoods with the highest percentage of non-homestead property is necessary before a critical examination of the data can begin.

There are a multitude of reasons why these neighborhoods are on the list. It could be because of their proximity to the University of Minnesota and the strong demand for off-campus student housing, a reflection of a growing new immigrant population relocating in a neighborhood or the result of the recent recession and the historically high foreclosure and short-sale real estate market.

What will it take to make progress?

That depends, the “market” may fix this measure. The sudden infusion of new apartment developments may shift the demand for single family rental thus opening up inventory for owner-occupancy. Also, as deeply discounted foreclosure sales exit the market and real estate values begin to climb investors may leave the market for other more lucrative and less demanding investment opportunities.

This measure is valuable to track, report and understand, however, it’s less an indicator of public policy or programs than it is an indicator of market forces and changing demographics of a neighborhood.

Rental License Revocation Action



Why is this measure important?

Holding rental property owners accountable is a key component in maintaining neighborhood livability. Beginning in 2008, technology advances allowed Housing Inspection Services (HIS) to proactively conduct audits of rental properties to ensure compliance with rental license standards for unpaid taxes, unpaid fines or fees owed to the City.

Rental property owners found in violation of licensing standards are notified of the violation by letter of non-compliance. Owners are given an opportunity to correct the licensing standard violation and/or put on notice that further violations will result in rental license revocation. In 2012 more than 1,100 letters of non-compliance were sent to rental property owners. Housing Inspection Services initiated 69 rental license revocation actions due to failure to comply or repeated violation of the rental license standards.

Proactive audits have resulted in greater compliance with rental license standards and increased rental license revocation actions.

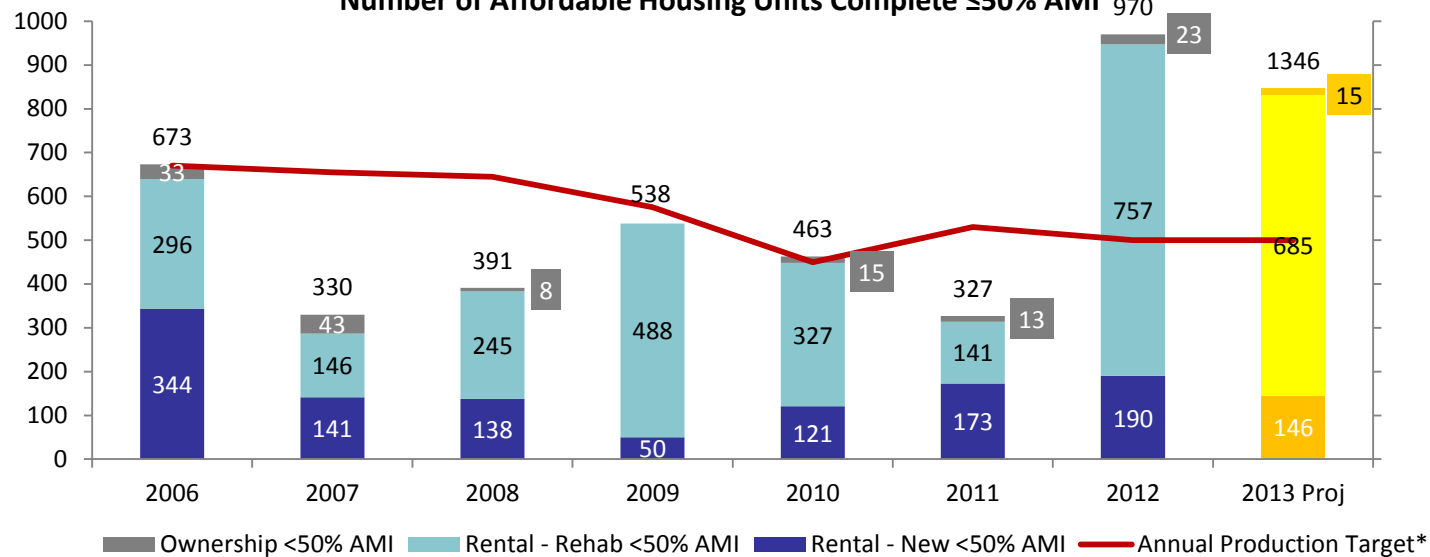
What will it take to make progress?

In 2011, the City initiated Tiered Inspections of rental properties. Tiered Inspections identifies rental properties that are poorly managed and maintained for more frequent inspections. Properly managed and maintained rental properties are inspected less often.

The City continues to develop and enhance automated systems which allow resources to be directed where they are most needed in order to maintain the safety and livability of Minneapolis neighborhoods.

Affordable Housing Production

Number of Affordable Housing Units Complete ≤50% AMI



**The annual production targets are based on Council actions; multi-year targets are displayed as annual averages*

Why is this measure important?

The production and preservation of affordable housing is a longstanding City priority. Since the adoption of the initial affordable housing policy in 1999, the City Council has established multi-year production goals for new/converted and preserved/stabilized affordable housing at the 50 percent of annual area median income (AMI) affordability threshold. For the three year period from 2009 – 2011, the goal was set at 1,555 units of housing at or below 50 percent AMI. Over this three year period, CPED completed 1,383 units of housing. It should be noted that none of the 1,306 units of housing in the Riverside Plaza project are included in this goal. A decision to exclude these units was made in order to avoid skewing the results as this is an extraordinary project.

This policy also sets goals for various related program efforts, such as the geographic distribution of affordable housing, unit production at the 30 percent AMI level, and other specific categories. The above graph highlights only the overall annual production total; progress against other related goals is reported annually by the department in a detailed report to the City Council. Other measures of annual housing production for Metro Area jurisdictions are published by the Metropolitan Council and Housing Link.

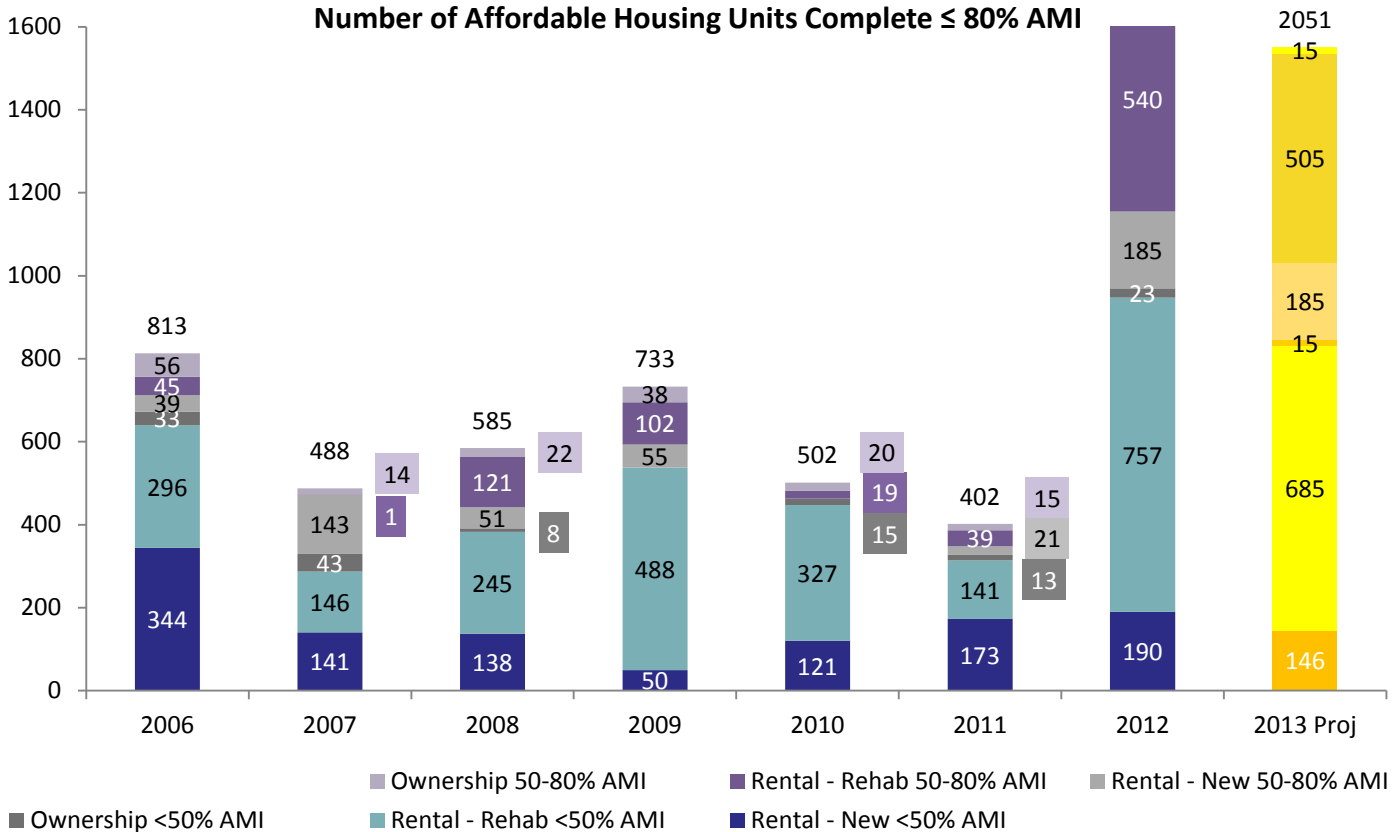
Goals for 2012-2014 have been set at 1,500 units (500 each year) of housing at or below 50% AMI and an additional 750 units (250 each year) of new housing units at or below 60% AMI. The 60% AMI goal has been added to reflect a change that occurred in 2011 to the Unified Housing Policy. That change now requires any city assisted project to provide 20% of the housing units to households at 60% AMI (50% AMI is still required for the use of the Affordable Housing Trust Fund).

What will it take to achieve the targets?

First, aggressive management of projects by multi-family housing staff. Second, additional financial resources will be necessary to address the need for affordable housing as the rents increase due to the continued demand for affordable housing as low vacancy rates remain.

Affordable Housing Production

Number of Affordable Housing Units Complete \leq 80% AMI



Why is this measure important?

This slide builds on the previous one by including affordable housing production from 50 – 80 percent AMI, in addition to the previous slide’s production at or below 50 percent AMI. As reference, for 2008, 80 percent of AMI equates to an income of \$64,720 for a family of four. This additional production is supported by key funding sources, such as low income tax credits [60 percent AMI] and Community Development Block Grants (CDBG) [80 percent AMI], thus reflecting a more complete picture of CPED’s affordable housing efforts. Projects reflect housing designed for a variety of households, including single parent families, elderly persons, homeless youth, persons living with special needs, workforce housing, and recent immigrants. The terms of the assistance also vary, from renovation loans for elderly households, to capital investments in new, high quality rental housing. Additionally, some of CPED’s Single Family Housing section programs cater to the provision of ownership housing opportunities to households with incomes at, or below, 80 percent of the area median income.

What will it take to make progress?

Using funds from a variety of sources - federal, state, county, city, and foundations - the City of Minneapolis is building an inventory of attractive, high quality and affordable housing that will last for many years and provide neighborhood stability and reinvestment. Many of the initial City investments have sparked a renewed confidence in areas of the city that have in turn resulted in increased private investment in additional housing, jobs and infrastructure. Maintaining all of the above funding sources is essential to achieving the City’s targets to provide housing to this broader income range.

CityLiving, Minneapolis Advantage and other Home Purchase and Improvement Programs

CityLiving is a mortgage program that provides below market rate financing to first-time homebuyers. In addition to the lower interest rate first mortgage, the program offers buyers special financing to help pay for closing costs and down payment. This second mortgage is forgiven if the buyers stays in the home seven years-

The Minneapolis Advantage Program is a down payment, closing cost and housing rehabilitation assistance program to help rebuild the housing market in key neighborhoods that have been heavily impacted by mortgage foreclosures. The program now offers up to \$20,000 in a zero-percent interest loan that is forgivable over five or ten years, depending upon the size of the loan, to anyone buying a home in which they will live in these key neighborhoods.

There are two home improvement programs offered by the City which are the City Code Abatement program which serves borrowers at 50 percent of the area median or less. This loan has no interest charge, no monthly payments and the maximum loan amount is \$20,000. The Home Repair Loan is offered to borrowers at 80 percent of the area median or less. The loan has monthly payments, a one-percent interest charge and the maximum loan is \$25,000. It is generally for borrowers who can not qualify through other lenders because of the borrower's credit problems.

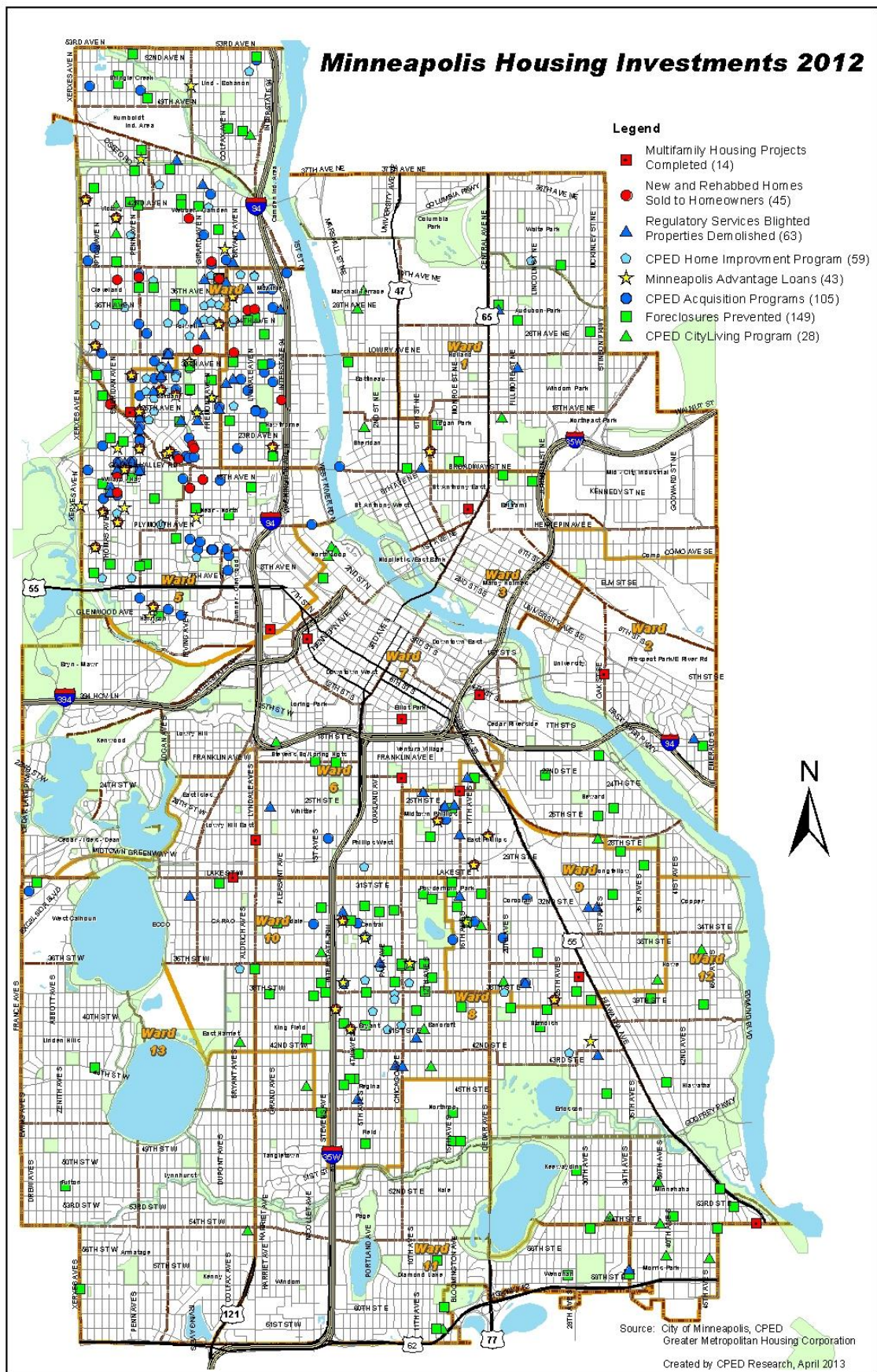
Why is this measure important?

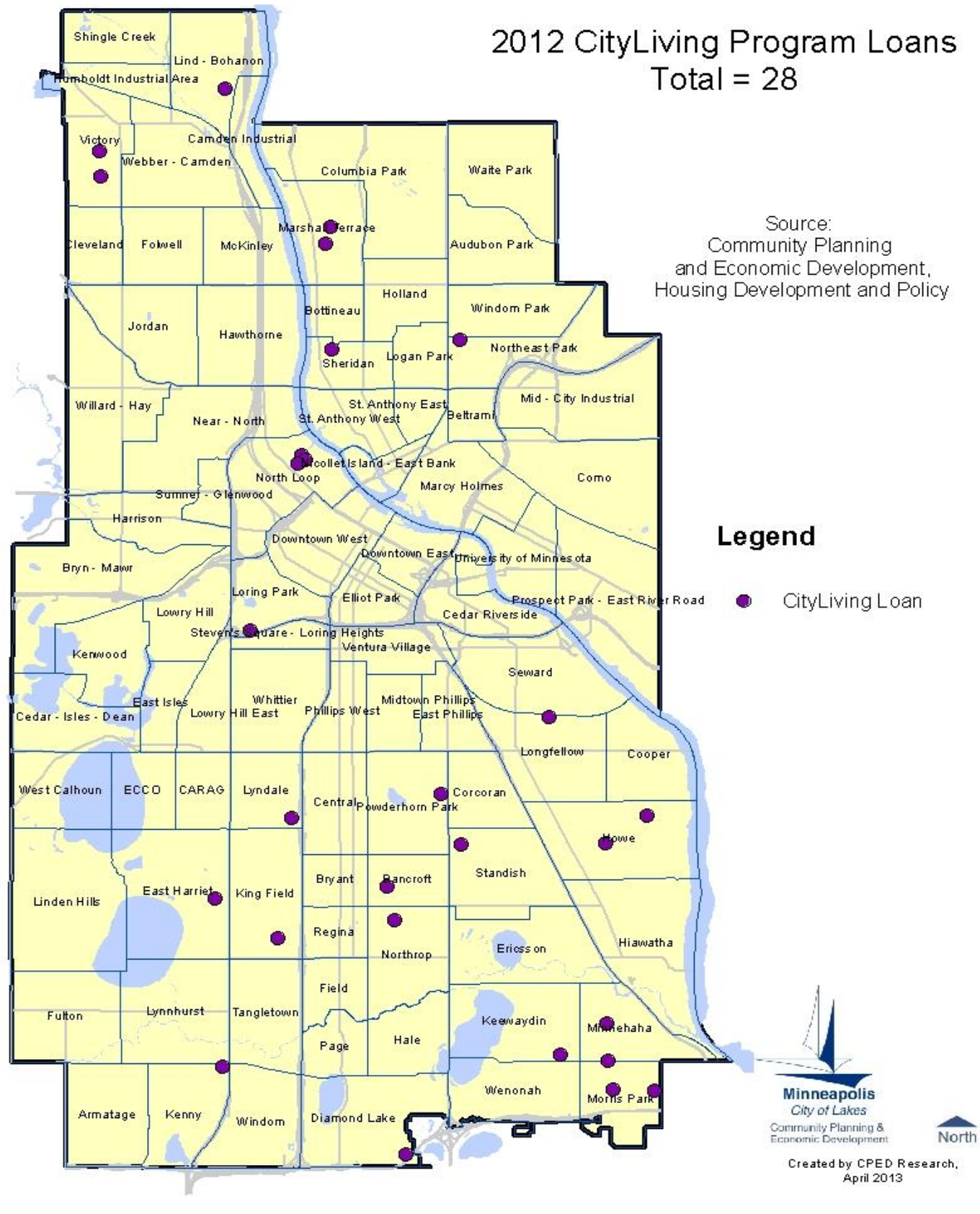
Since late 2005, foreclosures have significantly impacted the health and vitality of the housing industry. The number of foreclosures, particularly in north Minneapolis, has caused a precipitous decline in the property values which not only impacts the economic futures of the current residents, but also the amount of taxes the City can obtain from the property taxes. Additionally, investors have come in and acquired properties by the hundreds and rent them out with little regard for City licensing requirements or the health and maintenance of the home.

What will it take to make progress?

It will take continued significant investment of funds from private lenders, government and non-profit organizations to acquire and demolish vacant and boarded properties that are not economically viable. Private lenders will need to finance the purchase of properties by qualified homebuyers, including cases where the buyer wants to purchase and rehabilitate a house that has significant housing maintenance code violations. It will also take non-profit developers to buy up properties, renovate them and resell them.

Maps on next four pages...



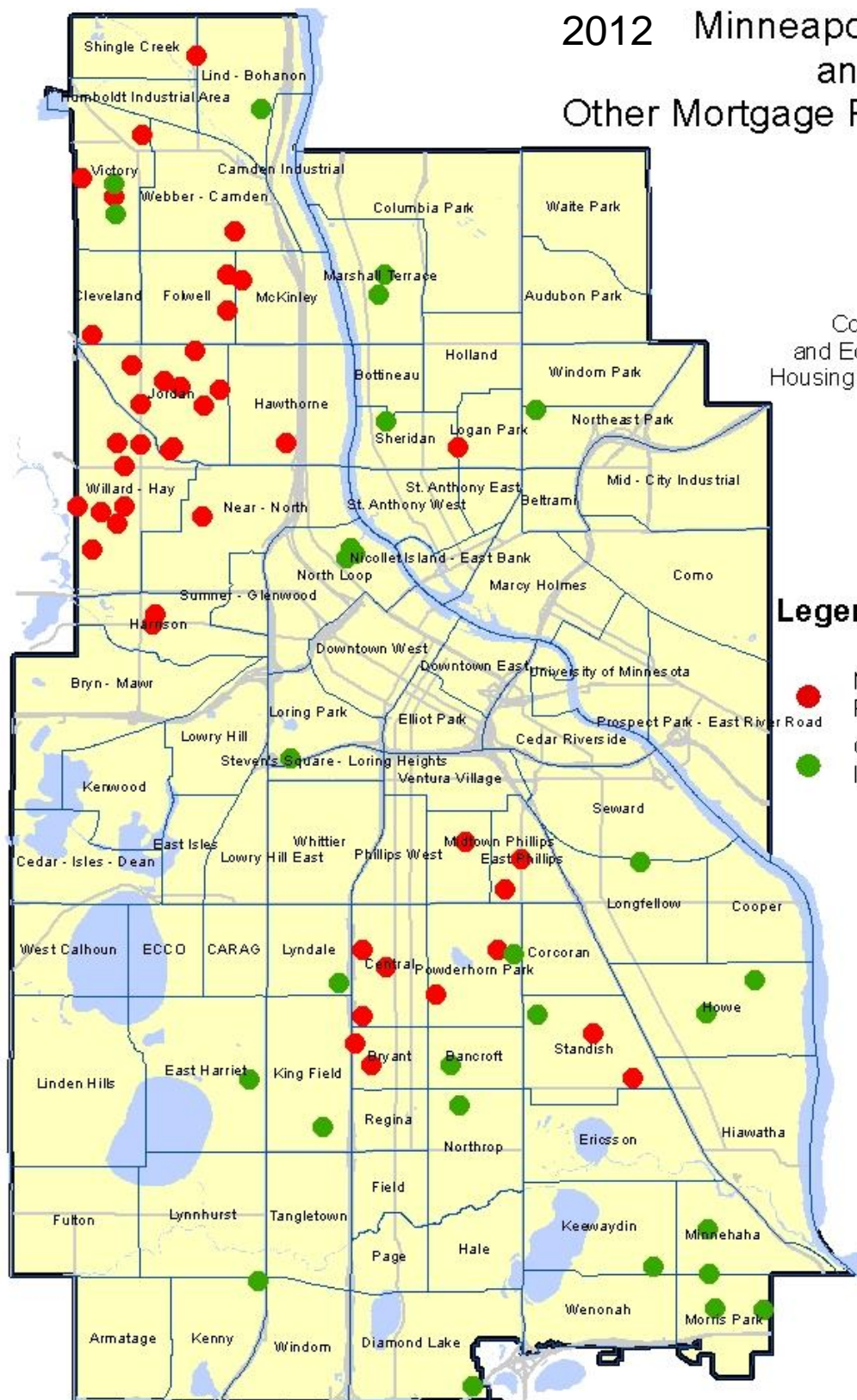


2012 Minneapolis Advantage and Other Mortgage Programs Loans

Source:
Community Planning
and Economic Development,
Housing Development and Policy

Legend

- Minneapolis Advantage Program loans (43 loans)
- Other Mortgage loans (28 loans)

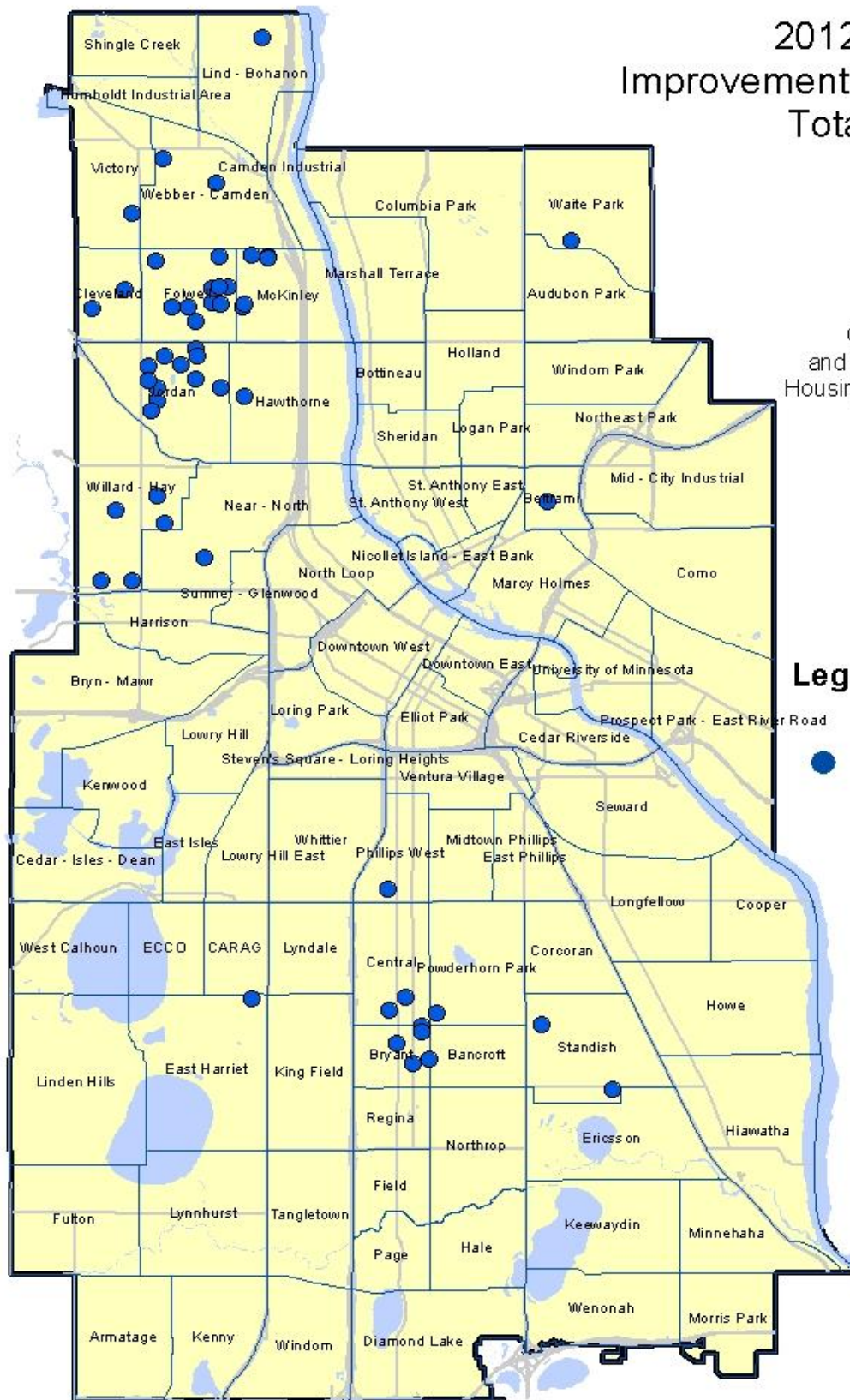


Created by CPED Research,
April 2013



2012 Home Improvement Program Loans Total = 59

Source:
Community Planning
and Economic Development,
Housing Development and Policy



Legend

● Home Improvement Loan



Created by CPED Research,
April 2013

Senior Housing in Minneapolis

Why is this measure important?

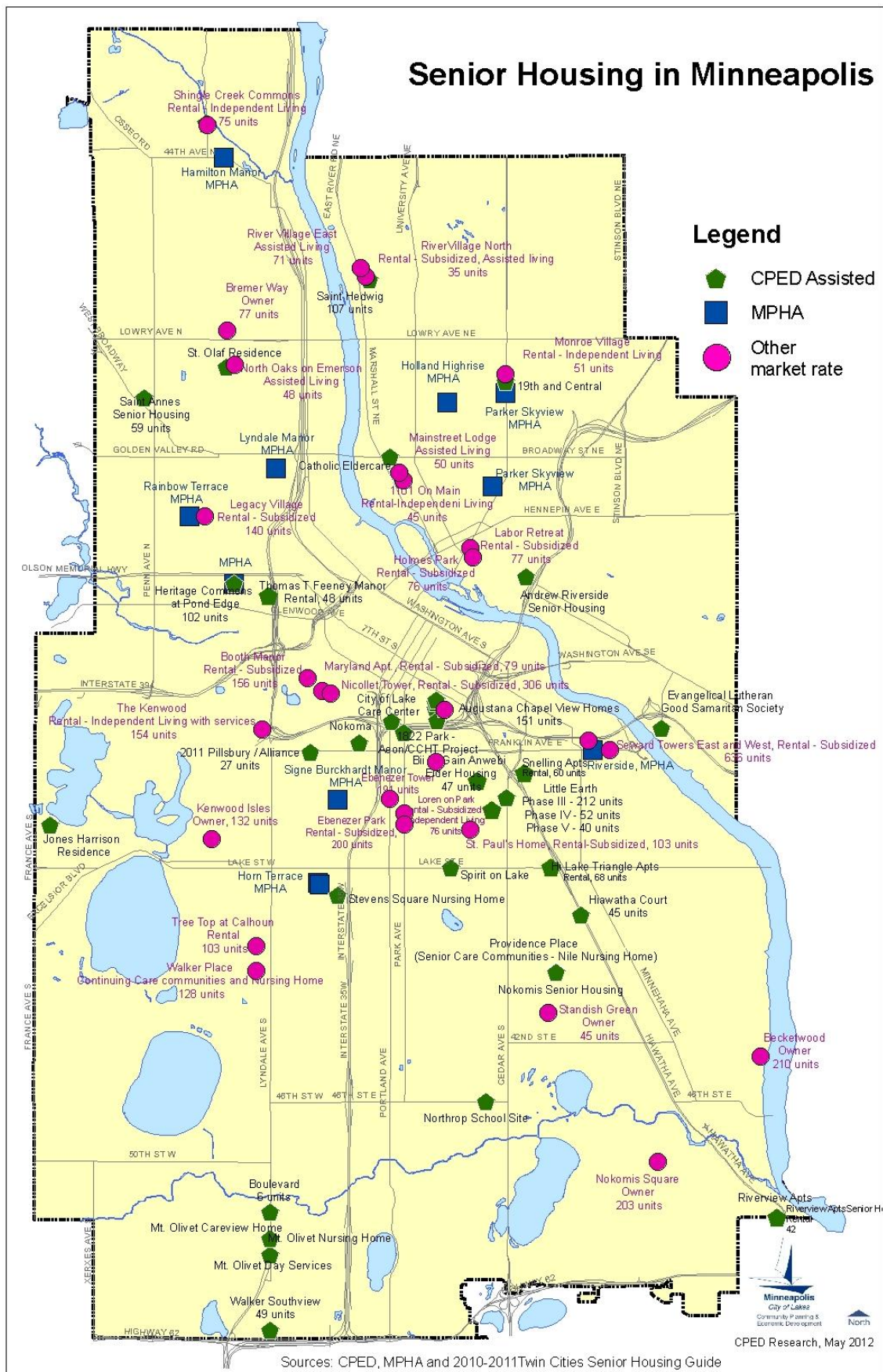
The Minneapolis City Council and Mayor adopted a senior housing policy as part of the Unified Housing Policy, to encourage the development of senior housing choices throughout out the city. CPED Housing division has been crafting an update to this policy that will focus more resources to the production of senior housing in anticipation of the exponential need that will occur in the coming decade. The Senior Citizen Housing Initiative will focus resources in such a way as to ensure at least one new senior housing project is created annually ward by ward until all 13 wards have at least one new senior housing project. it is anticipated this effort will take 15 years to accomplish.

This will be an aggressive expansion of our existing efforts to produce senior housing options at various income levels in all parts of the City as demonstrated by the accompanying map.

What will it take to make progress?

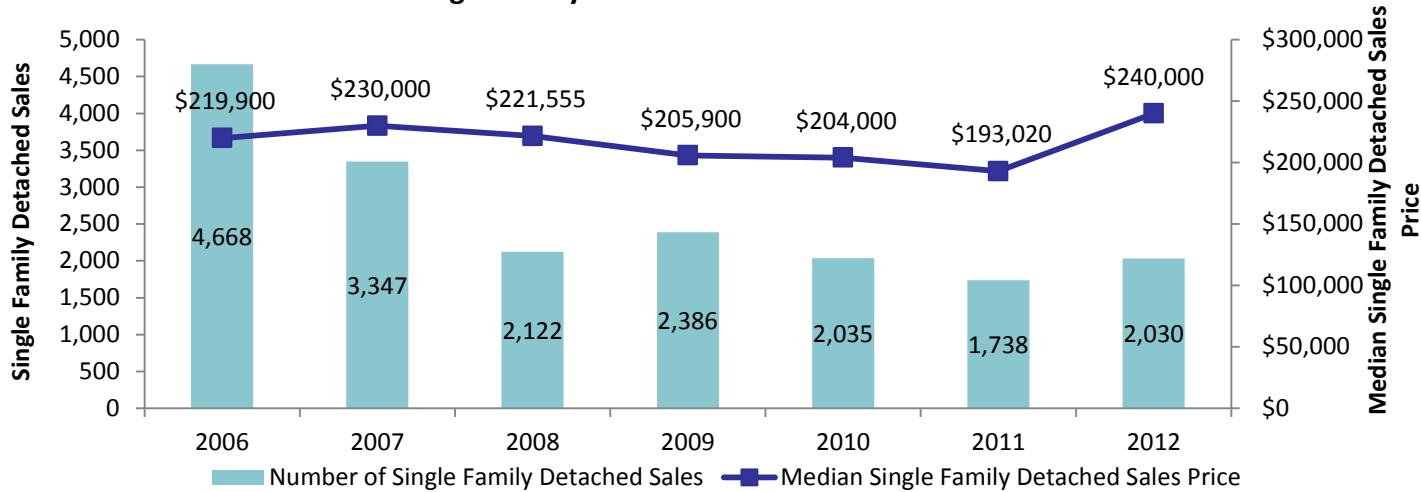
To accomplish this it will take setting a side resource to be used towards senior housing and engaging our partners, who do not currently view senior housing as a priority, in the effort. Demographic trends and recent surveys all indicate that this segment of our population will continue to grow and we will need to continue to develop a wide variety of housing types at different levels of affordability if the City is going to continue maintain and grow our population, the needs of this population is part of that equation.

Map on next page...



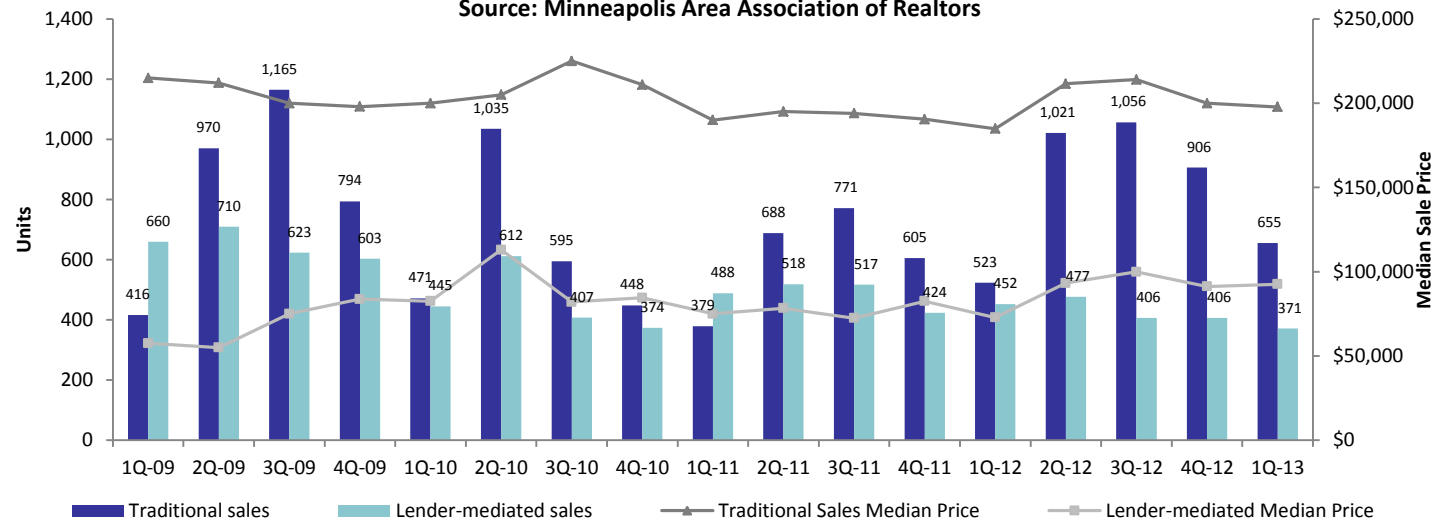
Appendix

Single Family Detached Sales and Median Price



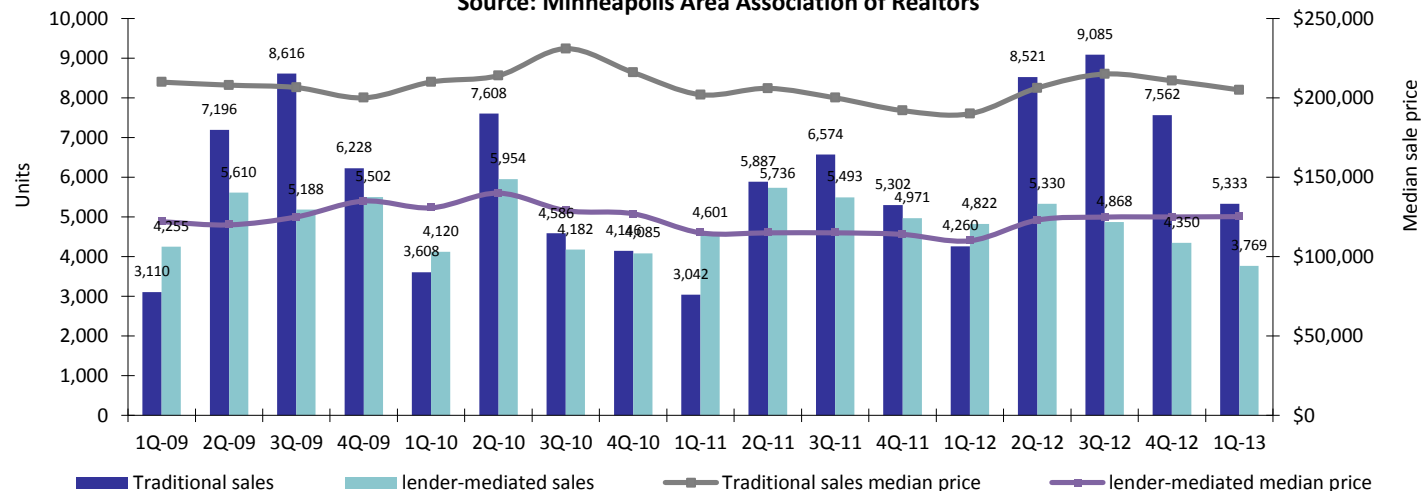
Traditional and Lender-Mediated Closed Sales and Median Sale Price Minneapolis

Source: Minneapolis Area Association of Realtors



Traditional and Lender Mediated Closed Sales and Median Sale Price Metro Area

Source: Minneapolis Area Association of Realtors



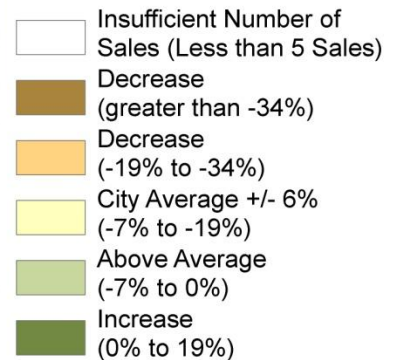
Change in Median Sale Price of 2008 - 2012 (Single Family Detached Residential*)

*Single-family detached excludes condos, townhomes, coops, and duplex/triplex

Number of Single Family Detached Residential Sales



Change in Median Sale Price (2008 - 2012)



Five Year Change in Median Sale Price (2008 - 2012) = 13.1% Decrease

Annual City Median Sale Price

2008	\$221,555
2009	\$205,900
2010	\$203,371
2011	\$193,000
2012	\$204,000

Source: City Assessor's Office

Created by CPED Research
April 2013

